

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 28, 2021

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, assuming continuing compliance by the City (as hereinafter defined) with certain tax covenants described herein, under existing law, interest on the Bonds (as hereinafter defined) is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended, and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals. In addition, interest on the Bonds may be subject to the branch profits tax imposed on certain foreign corporations and to the tax on "excess net passive income" imposed on S corporations. Interest on the Bonds and any gain from the sale thereof are not included in the gross income of owners thereof under the New Jersey Gross Income Tax Act, as presently executed and construed.

\$10,226,000*
CITY OF GLOUCESTER CITY
County of Camden, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2021
Consisting of:
\$4,693,000* General Improvement Bonds
\$5,533,000* Water/Sewer Utility Bonds
(Callable)

Dated: Date of Delivery

Due: July 15, as shown on the inside front cover

The City of Gloucester City, County of Camden, New Jersey ("City") is issuing \$10,226,000* aggregate principal amount of its General Obligation Bonds, Series 2021 ("Bonds"). The Bonds shall consist of: (i) \$4,693,000* aggregate principal amount of General Improvement Bonds; and (ii) \$5,533,000* aggregate principal amount of Water/Sewer Utility Bonds. The Bonds shall be issued in fully registered book-entry-only form without coupons.

The principal of the Bonds shall be paid on the respective maturity dates thereof upon presentation and surrender of the Bonds at the offices of the City, or its hereinafter designated paying agent, if any. Interest on the Bonds is payable semi-annually on January 15 and July 15 ("Interest Payment Dates"), commencing January 15, 2022, in each year until maturity or earlier redemption. The Bonds are subject to redemption prior to their stated maturity dates on the terms and conditions set forth herein.

Upon initial issuance, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, payments of principal and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the Direct Participants (as hereinafter defined) which will, in turn, remit such payments to the Beneficial Owners (as hereinafter defined) of the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. For so long as any purchaser is a Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a Direct Participant to receive payment of the principal of and interest on such Bond.

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) Bond Ordinances 09-2013, 11-2016, 23-2016, 11-2018, 09-2019, 10-2019, 09-2020, 10-2020, 11-2021 and 12-2021, each duly and finally adopted by the Mayor and Common Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution duly adopted by the Mayor and Common Council on October 21, 2021; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the City on October __, 2021.

The Bonds are being issued by the City to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized but not issued; (ii) permanently finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of the principal amount of certain bond anticipation notes previously issued by the City; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

The full faith and credit of the City are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds are general obligations of the City payable as to principal and interest from *ad valorem* taxes that shall be levied upon all taxable real property within the City without limitation as to rate or amount.

This cover contains certain information for quick reference only. It is *not* a summary of this issue. Investors must read the entire Official Statement, including the Appendices attached hereto, to obtain information essential to their making of an informed investment decision.

The Bonds are offered when, as and if issued, subject to the prior approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the City, and certain other conditions described herein. Certain legal matters will be passed upon for the City by its Solicitor, Howard C. Long, Jr., Esquire, Laurel Springs, New Jersey. Acacia Financial Group, Inc., Mount Laurel, New Jersey, has acted as Municipal Advisor to the City in connection with the issuance of the Bonds. It is anticipated that the Bonds in definitive form will be available for delivery, in immediately available funds, through DTC in New York, New York on or about November __, 2021

* Preliminary, subject to change in accordance with the Notice of Sale

\$10,226,000*
CITY OF GLOUCESTER CITY
County of Camden, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2021
Consisting of:
\$4,693,000* General Improvement Bonds
\$5,533,000* Water/Sewer Utility Bonds
(Callable)

MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIP NUMBERS

<u>Year</u>	<u>Improvement Bond*</u>	<u>Utility Bond*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP¹</u>
2022	\$398,000	\$233,000	\$631,000	%	%	
2023	400,000	240,000	640,000			
2024	405,000	240,000	645,000			
2025	410,000	245,000	655,000			
2026	420,000	250,000	670,000			
2027	425,000	250,000	675,000			
2028	430,000	255,000	685,000			
2029	440,000	260,000	700,000			
2030	445,000	265,000	710,000			
2031	455,000	270,000	725,000			
2032	465,000	275,000	740,000			
2033		280,000	280,000			
2034		285,000	285,000			
2035		290,000	290,000			
2036		300,000	300,000			
2037		305,000	305,000			
2038		310,000	310,000			
2039		320,000	320,000			
2040		325,000	325,000			
2041		335,000	335,000			

* Preliminary, subject to change in accordance with the Notice of Sale

¹CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of The American Bankers Association by S&P Global Market Intelligence. The CUSIP Numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the City does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specified maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

CITY OF GLOUCESTER CITY
County of Camden, New Jersey

Elected Officials

Patrick Keating	Mayor
George Berglund	Councilperson
James “Bowie” Johnson	Councilperson
Nancy Randolph Baus	Councilperson
Roseann Michel	Councilperson
John D. Hutchinson	Councilperson
Dayl Baile	Councilperson

City Clerk/Registrar of Vital Statistics
Vanessa L. Parent

Acting Administrator
Brian Morrell

Acting Chief Financial Officer
James V. Davis

Tax Collector
James V. Davis

Solicitor
Howard C. Long Jr., Esquire
Laurel Springs, New Jersey

Auditor
Bowman & Company LLP
Voorhees, New Jersey

Bond Counsel
Parker McCay, P.A.
Mount Laurel, New Jersey

Municipal Advisor
Acacia Financial Group, Inc.
Mount Laurel, New Jersey

The information which is set forth herein has been provided by the City of Gloucester City, County of Camden, New Jersey ("City"), The Depository Trust Company ("DTC") and by other sources which are believed to be reliable by the City, but the information provided by such sources is not guaranteed as to accuracy or completeness by the City. Certain general and financial information concerning the City is contained in Appendices "A" and "B" to this Official Statement. Such information has been furnished by the City.

No broker, dealer, salesperson or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the City. The information contained herein has been provided by the City and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by any underwriter or, as to information from sources other than itself, by the City. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, bond ordinances, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the office of the City Clerk during normal business hours.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the City or any underwriter.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other federal, State, municipal or other governmental entity will have passed upon the accuracy or adequacy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

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\$10,226,000*
CITY OF GLOUCESTER CITY
County of Camden, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2021
Consisting of:
\$4,693,000* General Improvement Bonds
\$5,533,000* Water/Sewer Utility Bonds
(Callable)

INTRODUCTION

The purpose of this Official Statement, including the cover page and the Appendices attached hereto, is to provide certain information relating to the issuance by the City of Gloucester City, County of Camden, New Jersey ("City") of its \$10,226,000* aggregate principal amount of General Obligation Bonds, Series 2021 ("Bonds"). The Bonds shall consist of: (i) \$4,693,000* aggregate principal amount of General Improvement Bonds; and (ii) \$5,533,000* aggregate principal amount of Water/Sewer Utility Bonds.

AUTHORIZATION FOR THE BONDS

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 09-2013, 11-2016, 23-2016, 11-2018, 09-2019, 10-2019, 09-2020, 10-2020, 11-2021 and 12-2021, each duly and finally adopted by the Mayor and Common Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution duly adopted by the Mayor and Common Council on October 21, 2021; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the City on October __, 2021.

PURPOSE OF THE ISSUE

The Bonds are being issued by the City to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized but not issued; (ii) permanently finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of the principal of certain bond anticipation notes previously issued by the City; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

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* Preliminary, subject to change in accordance with the Notice of Sale

The improvements to be permanently financed with the proceeds of the Bonds include the following:

Ordinance Number	Purpose	Notes Outstanding	Bonds to be Issued
09-2013	Replacement of Water Mains and Meters	\$453,531	\$453,000
11-2016	Replacement of Sanitary Sewer Mains and Water Mains	143,146	520,000
23-2016	Replacement of Sanitary Sewer Mains	1,269,640	2,150,000
11-2018	Acquisition of Various Capital Equipment and Completion of Various Capital Improvements	999,400	999,000
09-2019	Acquisition of Various Utility Equipment and Completion of Various Utility Improvements	910,000	910,000
10-2019	Acquisition of Various Capital Equipment and Completion of Various Capital Improvements	1,308,150	2,115,100
09-2020	Acquisition of Heavy Utility Equipment	450,000	450,000
10-2020	Acquisition of Various Capital Equipment and Completion of Various Capital Improvements	438,900	438,900
11-2021	Acquisition of Various Equipment and Completion of Various Capital Improvements	0	1,140,000
12-2021	Various Improvements to the Sewer and Water Utility Systems	0	1,050,000
TOTAL		\$5,972,767	\$10,226,000

DESCRIPTION OF THE BONDS

General

The Bonds will be issued in the aggregate principal amount of \$10,226,000*. The Bonds will be dated their date of delivery and bear interest from that date at the interest rates set forth on the inside front cover hereof. Interest on the Bonds is payable semi-annually on January 15 and July 15 (each an "Interest Payment Date" and collectively, "Interest Payment Dates"), commencing January 15, 2022, in each year until maturity or earlier redemption. The Bonds are subject to redemption prior to their stated maturity dates as set forth herein. The Bonds will mature on July 15 in the years and in the principal amounts all as shown on the inside front cover page of this Official Statement.

Individual purchases of the Bonds may be made in the principal amount of \$5,000, or any integral multiple of \$5,000, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Bonds, through book-entries made on the books and the records of DTC (as hereinafter defined) and its participants. See "DESCRIPTION OF THE BONDS--Book-Entry-Only System" below.

*Preliminary, subject to change in accordance with the Notice of Sale

The Bonds will be issued in fully registered book-entry only form without coupons. The principal of the Bonds will be payable to the registered owners at maturity upon presentation and surrender of the Bonds at the offices of the City, or its hereafter designated paying agent, if any. Interest on each Bond shall be payable on each Interest Payment Date of such Bond to the registered owner of record thereof appearing on the registration books kept by the City for such purpose at the offices of the City, or its hereafter designated paying agent, if any, as of the close of business on the first (1st) day of the calendar month containing an Interest Payment Date (each a "Record Date").

So long as The Depository Trust Company, New York, New York ("DTC") or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co., as nominee of DTC. Disbursements of such payments to the participants of DTC ("DTC Participants") is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as hereinafter defined) of the Bonds is the responsibility of the DTC Participants and not the City or its hereafter designated paying agent, if any.

Redemption Provisions

The Bonds maturing on and after July 15, 2032 are subject to redemption prior to their stated maturity dates at the option of the City, upon notice as set forth below, as a whole or in part (and, if in part, such maturities as the City shall determine and within any such maturity by lot) on any date on or after July 15, 2031, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, plus accrued interest to the redemption date.

Notice of redemption shall be given by mailing first class mail in a sealed envelope with postage pre-paid not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the owner of every Bond of which all or a portion is to be redeemed at his or her last address, if any, appearing on the registration books of the City, or its hereafter designated paying agent, if any. So long as the Bonds are issued in book-entry-only form, all notices of redemption will be sent only to DTC or any successor, and will not be sent to the beneficial owners of the Bonds. Failure of an owner of the Bonds to receive such notice or of DTC to advise any participant or any failure of a participant to notify any beneficial owner of the Bonds shall not affect the validity of any proceedings for the redemption of Bonds. Such notice shall specify: (i) the series and maturity of the Bonds to be redeemed; (ii) the redemption date and the place or places where amounts that are due and payable upon such redemption will be payable; (iii) if less than all of the Bonds are to be redeemed, the letters and numbers or other distinguishing marks of the Bonds to be redeemed; (iv) in the case of a Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed; (v) that on the redemption date there shall become due and payable with respect to each Bond or portion thereof to be redeemed the redemption price; and (vi) that from and after the redemption date interest on such Bond or portion thereof to be redeemed shall cease to accrue and be payable.

Book-Entry-Only System ¹

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners (as such terms is hereinafter defined), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the City. Accordingly, the City does not make any representations as to the completeness or accuracy of such information.

The DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into

¹ Source: The Depository Trust Company

the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices, if any, shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City or the hereafter designated paying agent, if any, as soon as possible after the applicable Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the applicable Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds, if any, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or its hereafter designated paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the City or its hereafter designated paying agent, if any, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or its hereafter designated paying agent, if any, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or its hereafter designated paying agent, if any. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but neither the City nor the Underwriter (as hereinafter defined) take any responsibility for the accuracy thereof.

NEITHER THE CITY NOR ITS HEREAFTER DESIGNATED PAYING AGENT, IF ANY, WILL HAVE THE RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, OR THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE HEADING "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Discontinuance of Book-Entry-Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions would apply: (i) the Bonds may be exchanged for an equal principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the offices of the City or its hereafter designated paying agent, if any; (ii) the transfer of the Bonds may be registered on the books maintained by the City or its hereafter designated paying agent, if any, for such purposes only upon the surrender thereof to the City or its hereafter designated paying agent, if any, together with the duly executed assignment in form satisfactory to the City or its hereafter designated paying agent, if any; and (iii) for every exchange or registration of transfer of the Bonds, the City or its hereafter designated paying agent, if any, may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. In such event, interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date, to the registered owners thereof as of the close of business on the Record Date, whether or not a business day.

SECURITY FOR THE BONDS

The full faith and credit of the City are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds are general obligations of the City payable as to principal and interest from *ad valorem* taxes that shall be levied upon all taxable real property within the City without limitation as to rate or amount.

The City may pledge only its own credit and taxing power in respect of the Bonds, and has no power to pledge the credit or taxing power of the State or any other political subdivision thereof, nor shall the Bonds be deemed to be obligations of said State or any other political subdivision thereof, nor shall said State or any other political subdivision thereof be liable for the payment of principal of or interest on the Bonds.

GENERAL INFORMATION REGARDING THE CITY

General

General information concerning the City, including economic, financial, demographic and other relevant data is set forth in Appendix "A" to this Official Statement.

Financial

Appendix "B" to this Official Statement contains audited financial statements of the City for the years ending December 31, 2020, 2019, 2018, 2017 and 2016. The audited financial data was provided by Bowman & Company LLP, Voorhees, New Jersey, and is included herein in reliance upon the authority of such firm. Bowman & Company LLP, Voorhees, New Jersey, has consented to the inclusion of their report in this Official Statement. Copies of the complete Reports of Audit may be obtained upon request to the office of the Chief Financial Officer of the City.

CERTAIN PROVISIONS OF THE LAWS OF THE STATE OF NEW JERSEY AND THE UNITED STATES RELATING TO GENERAL OBLIGATION DEBT

Local Bond Law

General - The Local Bond Law governs the issuance of bonds and notes by counties and municipalities for the financing of capital improvements. Among its provisions are the following: (i) the power and obligation to pay any and all bonds and notes issued pursuant to the Local Bond Law shall be unlimited; (ii) the county or municipality shall levy *ad valorem* taxes upon all taxable property therein for the payment of the principal of and interest on such bonds and notes without limitation as to rate or amount; (iii) generally, a down payment that is not less than five percent (5%) of the amount of debt obligations authorized must be appropriated in addition to the amount of debt obligations authorized; (iv) all non-special-assessment bonds shall mature within the period of usefulness or average period of usefulness of the improvements being financed; and (v) after issuance, all bonds and notes shall be conclusively presumed to be fully authorized and issued by all of the laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery.

Debt Limits - The authorized bonded indebtedness of the City is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3.50%) of its equalized valuation basis. The equalized valuation basis of the City is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements as annually determined by the New Jersey State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Bonds, notes and long-term loans are included in the computation of debt for the statutory debt limit. The City, including the issuance of the Bonds, will not exceed its three and one-half percent (3.50%) debt limit.

Exceptions to Debt Limits – Extensions of Credit - The City may exceed its debt limit with the approval of the New Jersey Department of Community Affairs, Division of Local Government Services, Local Finance Board ("Local Finance Board"), a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the City may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the City or substantially reduce the ability of the City to meet its obligations or to provide essential public improvements and services, or make certain other statutory determinations, approval may be granted.

In addition, debt in excess of the statutory limit may be issued by the City to fund certain notes, to provide for purposes in an amount not exceeding two-thirds (2/3) of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Short-Term Financing – When approved by bond ordinance, the City may issue bond anticipation notes to temporarily finance capital improvements. Such notes may not be issued in an aggregate amount exceeding that specified by the ordinance. The notes may not be issued for periods of more than one year, renewable with the final maturity occurring no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original note. After the third year, the amount of the notes that may be renewed annually must be decreased by the minimum amount required for the first year's principal payment for the bond issue in anticipation of which the notes are issued.

Refunding Bonds – Refunding bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-state administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds.

Local Fiscal Affairs Law

The Local Fiscal Affairs Law, Chapter 5 of Title 40A of the New Jersey State Statutes, as amended and supplemented ("Local Fiscal Affairs Law"), governs audits, auditors, public moneys and financial statements of local governmental units, including the City.

Each local unit is required to cause an annual audit of its books, accounts and financial transactions to be made and completed within six months after the close of its fiscal year by either a Registered Municipal Accountant or, by agreement with the Director ("Director") of the Division of Local Government Services ("Division") in the Department of Community Affairs, by qualified employees of the Division.

An independent examination of the City's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2020 is on file with the City Clerk and is available for review during business hours, and is available online at the City's website: www.cityofgloucester.org.

The Local Fiscal Affairs Law also requires that the Chief Financial Officer of the local unit file annually with the Director a verified statement of the financial condition of the local unit as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end local units and August 10 for June 30 fiscal year end local units. The City's 2020 Annual Financial Statement and the audits for December 31, 2020, 2019, 2018, 2017 and 2016 are on file with the City Clerk and are available for review during business hours.

Local Budget Law

The Local Budget Law, Chapter 4 of Title 40A of the State states, as amended and supplemented ("Local Budget Law"), governs the budgeting and appropriation of funds by local governmental units.

The Local Budget Law requires local governmental units to adopt a "cash basis" budget in such form that there will be sufficient cash collected to meet all debt service requirements, necessary operations of the local governmental units for the fiscal year and any mandatory payments required to be met during the fiscal year.

No budget shall be adopted unless the Director shall have previously certified their approval thereof.

Each local governmental unit must include in its budget an appropriation for the payment of debt service. The Director is required to examine such appropriation to determine whether it is properly set forth, in addition to determining whether all estimates of revenue contained in the budget are reasonable, accurate and correctly stated.

A statute passed in 1976, as amended (*N.J.S.A. 40A:4-45.1 et seq.*), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. On August 20, 1990, the Governor of the State signed into law P.L. 1990, c. 89, which revised and made permanent the "Cap Law". Since its inception, the "Cap Law" has been amended and modified several times, most recently on July 13, 2010. While the revised "Cap Law" is more restrictive on the ability of a local unit to increase its overall appropriations, it does not limit the obligation of the City to levy *ad valorem* taxes upon all taxable real property within

the City to pay debt service on the Bonds. The Cap Law provides that a local unit shall limit any increase of its budget to 2.5% or the index rate, whichever is less, over the previous year's final appropriations subject to certain exceptions. The "index rate" is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services computed by the United States, Department of Commerce. Among the exceptions to the limitations imposed by the Cap Law are capital expenditures; debt service; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law.

Additionally, legislation constituting P.L. 2010, c. 44, was adopted on July 13, 2010 (S-29R1), which, among other things, imposes a two percent (2.00%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments.

Exclusions from the two percent (2.00%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.00%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.00% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 *et seq.*), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, *N.J.S.A.* 40A:4-45-46) in 2010 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2.00%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2.00%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

In response to the outbreak of the Coronavirus (as defined and described under the heading "CERTAIN RISK FACTORS – Recent Healthcare Developments" below), the New Jersey Legislature enacted P.L. 2020, c. 74 (A3971), under which a local unit may adopt an emergency appropriation to fund certain deficits and expenditures resulting from Coronavirus with approval of the Director and may either fund it as a deferred charge or issue special emergency notes to fund it payable by 1/5 each year beginning in the year after the year in which the deferred charge appears in the financial statements so it is paid off no later than the last day of the sixth fiscal year following the end of the fiscal year in which the application is made. If there is a showing of fiscal distress, that may be extended to ten (10) years. Such emergency appropriation must be approved by 2/3 vote of the governing body of the local unit and be accompanied by a certification of the Chief Financial Officer stating that the resolution covers deficits and expenses incurred during the emergency response to the Coronavirus. Moreover, to the extent that such Coronavirus-related emergency appropriations exceed the cost of providing

similar services under non-emergency conditions, the deferred charge to be raised in the following year's budget is an eligible exception to both the levy cap and the appropriations cap. The Director may also promulgate guidelines modifying the standard for anticipated revenues when the amount realized in cash from the same source during the next preceding fiscal year experienced reductions due to Coronavirus.

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the City to levy *ad valorem* taxes upon all taxable real property within the City to pay debt service on its bonds or notes, including the Bonds.

Miscellaneous Revenues

N.J.S.A. 40A:4-26 provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the [D]irector shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit." Such determination may be made by the governing body and the chief financial officer in any year during which the local unit is subject to local examination.

No budget or amendment shall be adopted unless the Director has previously certified the approval of such anticipated revenues.

Real Estate Taxes

Receipts from Delinquent Taxes - Revenues are permitted by *N.J.S.A.* 40A:4-29 to be anticipated in the annual budget for collection of delinquent taxes of prior years. The maximum amount permitted to be anticipated is determined by applying the collection rate of the prior year's delinquent taxes to the total amount of delinquent taxes outstanding at the beginning of the current year.

Current Year Tax Levy and Reserve for Uncollected Taxes - The current year's taxes to be levied are determined by adding the sums of the cash required from taxes to support the municipal, school, county and special district budgets, if any, together with the amount of an appropriation required to be included in the annual municipal budget entitled "Reserve for Uncollected Taxes", less the total of anticipated revenues. The inclusion of the "Reserve for Uncollected Taxes" appropriation in the current year's budget protects the municipality from taxes currently unpaid. The "Reserve for Uncollected Taxes" is required to be, at a minimum, an amount sufficient to provide for the same percentage of uncollected taxes in the current year as was experienced in the immediately preceding year, the average of the previous three years in accordance with P.L. 2000, c. 126, or the previous year collection percentage after reducing the previous year levy by tax appeal judgments of the county tax board pursuant to R.S.54:3-21 *et seq.*, or the State tax court pursuant to R.S.54:48-1 *et seq.* in accordance with Chapter 56 of P.L. 2010.

N.J.S.A. 40A:4-41 provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of such preceding fiscal year."

Another provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required for all current budget appropriations and school and county taxes of the current fiscal year. The reserve requirement is calculated as follows:

$$\frac{\text{Levy Required for Current Budget,} \\ \text{School, County and Fire District Taxes}}{\text{Prior Year's Percentage of Current} \\ \text{Tax Collections (or Lesser \%)}} = \text{Total Taxes to be Levied}$$

In response to the outbreak of the Coronavirus, on May 4, 2020, the Local Finance Board released Local Finance Notice 2020-11 specifically permitting alternative methodologies for calculating the reserve for uncollected taxes. In particular, instead of using the methodology described above for purpose of calculating the reserve for uncollected taxes, one of the following two alternatives may be used: (i) *N.J.S.A. 40A:4-41(c)* allows for use of the average of the prior three (3) years' tax collection rate to mitigate a short-term decrease in the tax collection rate; or (ii) *N.J.S.A. 40A:4-41(d)* allows for a municipality to reduce the prior year's certified tax levy by the amount of any tax levy adjustment resulting from a tax appeal judgement. Use of either alternative calculation requires submission to the Division of Local Government Services in the Department of Community Affairs of a resolution of the governing body and subsequent approval therefrom.

See "CERTAIN RISK FACTORS – Recent Healthcare Developments" below for additional information on temporary changes made to property tax laws and regulations in response to the Coronavirus.

Deferral of Current Expenses

Emergency appropriations (i.e., those made after the adoption of the budget and determination of the tax rate for an unforeseen event or purpose) may be authorized by the governing body of the local governmental units. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3.00%) of the adopted operating budget, consent of the Director of Local Government Services must be obtained.

The exceptions are certain enumerated projects to cover the cost of the extraordinary expense for the repair, or reconstruction of streets, roads or bridges, or other public property damaged by snow, ice, frost or flood, where such expense was not foreseen at the time of the adoption of the budget, which may be amortized over three years; and tax map preparations, revision of ordinances, revaluations, master plan preparation, studies and planning necessary for the installation and construction of a sanitary sewer system, and payments of accumulated sick and vacation time which may be amortized over five years.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year and, although subaccounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Capital Budget

In accordance with the Local Budget Law, each local unit shall prepare and adopt a capital budget, in conjunction with its annual operating budget, for any year in which it proposes to undertake a capital project. Every local unit which adopts a capital budget must also adopt a three (3) year capital program unless the local unit's population exceeds 10,000 where a six (6) year capital program is required.

Related Constitutional and Statutory Provisions

In the general election of January 2, 1976, as amended by the general election of January 6, 1984, the following Article 8, Section 1, Paragraph 7, with respect to a state income tax, was added to the State Constitution:

No tax shall be levied on personal incomes of individuals, estates and trusts of this State unless the entire net receipts therefrom shall be received into the treasury, placed in a perpetual fund and be annually appropriated, pursuant to formulas established from time to time by the Legislature, to the several counties, municipalities and school districts of this State exclusively for the purpose of reducing or offsetting property taxes. In no event, however, shall a tax so levied on personal income be levied on payments received under the Federal Social Security Act, the Federal Railroad Retirement Act, or any federal law which substantially reenacts the provisions of either of those laws.

A progressive state income tax is currently in effect in the State.

The State Constitution may only be amended after: (i) approval of a proposed amendment by three-fifths (3/5) of all of the members of each house of the State Legislature and approval by a majority vote in a statewide referendum; or (ii) approval in two successive legislative years by a majority of all of the members of each house and approval by a majority vote in a statewide referendum. Amendments failing to receive voter approval may not be resubmitted for voter approval before the third succeeding general election after such disaffirmance.

The Municipal Finance Commission

The Municipal Finance Commission ("Commission") was created in 1931 to assist in the financial rehabilitation of municipalities, which had defaulted in their obligations. The powers of the Commission are exercised today by the Local Finance Board. The previously discussed elements of the local finance system are intended to prevent default on obligations or occurrence of severe fiscal difficulties in any local unit. Should extreme economic conditions adversely affect any

local unit, the "Municipal Finance Commission Statutes" are available to assist in restoring the stability of the local unit.

Any holder of bonds or notes which are in default for over sixty (60) days (for payment of principal or interest) may bring action against such municipality in the State's Superior Court. Any municipality may declare itself unable to meet its obligations and bring action in such court. In either case, the court's determination that the municipality is in default or unable to meet its obligations causes the Commission to become operative in that municipality.

The Commission exercises direct supervision over the finances and accounts of any local unit under its jurisdiction. The Commission is authorized to appoint an auditor to examine and approve all claims against the municipality and to serve as comptroller for that community. The Commission is also directed to supervise tax collections and assessments, to approve the funding of municipal school district indebtedness, the adjustment or composition of the claims of creditors and the readjustment of debts under the Federal Municipal Bankruptcy Act. Such Act permits municipalities to have access to bankruptcy court for protection against suits by bondholders and creditors.

The Local Finance Board also serves as the "Funding Commission" to exercise supervision over the funding or refunding of local government debt. Any county or municipality seeking to adjust its debt service must apply to and receive the approval of such Funding Commission for the proposed reorganization of its debt.

Limitation of Remedies Under Federal Bankruptcy Code

The rights and remedies of the registered owners of the Bonds are subject to the provisions of Chapter 9 of the Federal Bankruptcy Code of the United States ("Bankruptcy Code"). In general, Chapter 9 permits, under prescribed circumstances, but only after an authorization by the applicable state legislature or by a governmental officer or organization empowered by state law to give such authorization, a political subdivision of a state to file a petition for relief in a bankruptcy court of the United States if it is insolvent or unable to meet its debts as they mature and desires to effect a plan to adjust its debts.

The State has authorized the political subdivisions thereof to file such petitions for relief under the Bankruptcy Code pursuant to and subject to Article 8 of the Act. The Act provides that such petitions may not be filed without the prior approval of the Commission and that no plan of readjustment of the local unit's debts may be filed or accepted by the petitioner without express authority from the Commission to do so.

THE ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE CITY EXPECTS TO RESORT TO THE PROVISIONS OF SUCH BANKRUPTCY CODE OR THAT, IF IT DID, SUCH ACTION WOULD BE APPROVED BY THE COMMISSION, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY OF THE BONDS.

THE SUMMARIES OF AND REFERENCES TO THE STATE CONSTITUTION AND OTHER STATUTORY PROVISIONS ABOVE ARE NOT AND SHOULD NOT BE CONSTRUED AS COMPREHENSIVE OR DEFINITIVE. ALL REFERENCES TO SUCH DOCUMENTS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PARTICULAR DOCUMENT, THE FULL TEXT OF WHICH MAY CONTAIN QUALIFICATIONS OF AND EXCEPTIONS TO STATEMENTS MADE HEREIN.

TAXATION

Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. The last complete revaluation of property within the City was effective for the 2015 year.

Upon the filing of certified adopted budgets by the City, the School District, and the County of Camden ("County"), the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in *N.J.S.A. 54:4-1 et seq.* Special taxing districts are permitted in the State for various special services rendered to the properties located within the special district.

Tax bills are due quarterly on February 1, May 1, August 1 and November 1. Installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18.00% per annum on any amounts in excess of \$1,500.00. These interest penalties are the maximum permitted under New Jersey Statutes. Additionally, a 6.00% penalty is charged on any delinquencies in excess of \$10,000.00 if not paid by the end of each year. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes. Tax liens retained by the City are periodically assigned to the City Solicitor for "in rem foreclosures" in order to acquire title to these properties.

In response to the outbreak of the Coronavirus, the Governor of the State of New Jersey signed Executive Order 130, authorizing municipalities in the State to adopt a resolution instituting a grace period concluding on June 1, 2020 for: (i) the payment of second quarter taxes for municipalities on a calendar year budget cycle; and (ii) the payment of fourth quarter taxes for municipalities on a fiscal year budget cycle. At a special meeting held on April 28, 2020, Common Council adopted Resolution R087, instituting the above-described grace period for the payment of property taxes. See "CERTAIN RISK FACTORS – Recent Healthcare Developments" below for additional information on temporary changes made to property tax laws and regulations in response to the Coronavirus.

Tax Appeals

The State Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the New Jersey Board of Taxation ("Tax Board") on or before the first day of April of the current tax year for review. The Tax Board has the authority, after a hearing, to decrease, increase or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Tax Board, appeal may be made to the State Tax Court. State Tax Court appeals tend to take several years prior to settlement and any losses in tax collection from prior years are charged directly to operations.

In response to the outbreak of the Coronavirus, on May 28, 2020, the Governor of the State of New Jersey signed legislation (A4157) extending the deadline to file 2020 property tax assessment appeals to July 1, and extending deadlines for county boards of taxation to decide on such cases to September 30, with certain exceptions. The bill took effect on May 28, 2020 and applies retroactively to April 1, 2020.

TAX MATTERS

Federal

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the City ("Bond Counsel"), assuming continuing compliance by the City with the tax covenants described below, under existing law, interest on the Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and does not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax will be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering this opinion, we have assumed continuing compliance by the City that it will comply with the applicable requirements of the Code, including requirements relating to, inter alia, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the City to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that affect the tax-exempt status of the interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The City has **not** designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Owners of the Bonds should consult their own tax advisers as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

New Jersey

Bond Counsel is also of the opinion that interest on the Bonds and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the United States Congress and in the State that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, it would apply to bonds or notes issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds.

PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING ANY FEDERAL AND STATE INCOME TAX LEGISLATION, WHETHER CURRENTLY PENDING OR PROPOSED, REGULATORY INITIATIVES OR LITIGATION. THE OPINIONS EXPRESSED BY BOND COUNSEL ARE BASED UPON EXISTING LEGISLATION AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY AUTHORITIES AS OF THE DATE OF ISSUANCE AND DELIVERY OF THE BONDS AND BOND COUNSEL HAS EXPRESSED NO OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.

LITIGATION

To the knowledge of the City's Solicitor, Howard C. Long, Jr., Esquire ("Solicitor"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the City or the title of any of the present officers. Moreover, to the knowledge of the Solicitor, no litigation is presently pending or threatened that, in the opinion of the Solicitor, would have a material adverse impact on the financial condition of the City if adversely decided.

RATING

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("S&P"), is expected to assign a rating of "A+" to the Bonds based upon the creditworthiness of the City.

The rating reflects only the views of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The City forwarded to the Rating Agency certain information and materials concerning the Bonds and the City. There can be no assurance that the rating will be maintained for any given period of time or that the rating may not be raised, lowered or withdrawn entirely, if in the Rating Agency's judgment, circumstances so warrant. Any downward change in, or withdrawal of such rating, may have an adverse effect on the marketability or market price of the Bonds.

CERTAIN RISK FACTORS

Recent Healthcare Developments

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus ("Coronavirus" or "COVID-19"), which was first detected in China and has spread to other countries, including the United States, has been declared a pandemic by the World Health Organization, a national emergency by the President of the United States ("President") and a state of emergency by the Governor of the State ("Governor").

In response, the President declared a national emergency on March 13, 2020. Additionally, on March 9, 2020, the Governor issued Executive Order 103, pursuant which the Governor declared a State of Emergency and a Public Health Emergency, thereby allowing State agencies and departments to utilize State resources to assist affected communities in response to the COVID-19 outbreak. Other Executive Orders (some of which have since been modified or rescinded), limited various activities and undertook measures in an attempt to slow the spread of COVID-19 throughout the State. Quarantine and other “social distancing” measures undertaken by government agencies, businesses, schools and other entities in response to the COVID-19 outbreak altered behavior and have affected commerce in a manner that has negatively affected global, national and local economies.

Notwithstanding the disruptions that have resulted from COVID-19, the State and the City have recently seen a dramatic reduction in reported cases of COVID-19, and a corresponding reduction in hospitalization rates and fatalities. As a result, on June 4, 2021, the Governor signed legislation formally ending the Public Health Emergency declaration, while retaining certain limited Executive Orders related to public health and safety until January 1, 2022. The previous declaration of the State of Emergency, however, remains in effect as of the date hereof.

In an effort to provide relief to entities impacted by the COVID-19 pandemic, the American Rescue Plan Act of 2021, H.R. 1319 (“Plan”) was signed into law by President Biden on March 12, 2021 and provides \$1.9 trillion in financial assistance to businesses, individuals and governmental entities. In particular, the Plan includes various forms of financial relief, including up to a \$1,400 increase in direct stimulus payments to individuals and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan also provides funding for state and local governments to recoup and offset costs related to COVID-19 and to encourage and re-establish economic development and certain infrastructure improvements.

Pursuant to the funding methodology under the Plan, the City is expected to receive approximately \$1,174,276.51 in funding (“Plan Funds”), all of which must be expended by December 31, 2024. Such funds are expected to be received in two (2) equal payments; one (1) of which has already been received by the City and the balance to be received no earlier than 12 months from the initial payment. Pursuant to the Plan (codified as Section 603(c) of the Social Security Act (42 U.S.C. 603(c)), Plan Funds may be utilized to: (i) respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (ii) respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the City that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (iii) provide government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the City prior to the emergency; and (iv) make necessary investments in water, sewer or broadband infrastructure. Plan Funds may not, however, be utilized for debt service, legal settlements or judgments or financial reserves.

While the effects of COVID-19 have abated significantly in the State, the City cannot predict, and does not predict, the duration, severity or ultimate impact of COVID-19 upon global, State-wide and local economies and operations, including that of the City.

Moreover, the City has provided and intends to continue to provide essential services in and for the City including, but limited to, emergency services, core health and human services, and public works, together with certain other vital services the City deems necessary to remain operational and responsive to public needs.

Cyber Security

The City relies on a complex technology environment to conduct its various operations. As a result, the City faces certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the City has invested in multiple forms of cybersecurity and operational safeguards. In addition, the City maintains certain insurance coverage for cyberattacks and related events.

PREPARATION OF OFFICIAL STATEMENT

The City hereby states that the descriptions and statements herein and in the Appendices attached hereto, including financial and statistical statements, are true and correct in all material respects, and it will confirm the same to the purchasers of the Bonds by certificates signed by various officers and officials of the City upon issuance and delivery of the Bonds.

All of the information has been obtained from sources which the City considers to be reliable and it makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

Bond Counsel has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except under the heading "TAX MATTERS") and, accordingly, will express no opinion with respect thereto.

Bowman & Company LLP, Voorhees, New Jersey, compiled this Official Statement from information obtained from City management and other various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness or fairness of the information contained herein and, accordingly, will express no opinion with respect thereto. Bowman & Company LLP does take responsibility for the financial statements, appearing in Appendix "B" hereto.

UNDERWRITING

The Bonds have been purchased from the City at a public sale by _____, as underwriter ("Underwriter"), pursuant to a Certificate of Determination and Award, dated October

___, 2021. The Underwriter has purchased the Bonds in accordance with the Notice of Sale prepared in connection with the Bonds. The Bonds are being offered for sale at the yields set forth on the inside front cover page of this Official Statement. The Underwriter is obligated to purchase all of the Bonds if any of the Bonds are purchased.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing bonds and notes into investment trusts) at yields higher than the public offering yield set forth on the inside front cover page of this Official Statement, and such public offering yields may be changed, from time to time, by the Underwriter without prior notice.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutions, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, money or other funds belonging to them or within their control in any bonds and notes of the City, including the Bonds, and such bonds and notes are authorized security for any and all public deposits.

MUNICIPAL ADVISOR

Acacia Financial Group, Inc., Mount Laurel, New Jersey, has served as municipal advisor to the City with respect to the issuance of the Bonds ("Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

NO DEFAULT

There is no record of default in the payment of the principal of or interest on the bonds or notes of the City.

CONTINUING DISCLOSURE

In accordance with the provisions of Rule 15c2-12, as amended and promulgated by the Securities and Exchange Commission ("SEC"), pursuant to the Securities Exchange Act of 1934, as amended, the City will, prior to the issuance of the Refunding Bonds, enter into a continuing disclosure agreement, substantially in the form set forth in Appendix "D" hereto.

During the prior five years, the City has failed to timely file its 2018 financial information. As of the date hereof, the financial information was filed on EMMA. In addition, the City did not timely file a notice of rating change. This notice has been filed on EMMA. The City has engaged a dissemination agent to ensure timely filings of its annual information on a going-forward basis.

LEGAL MATTERS

The legality of the Bonds will be subject to the approving legal opinion of Bond Counsel. Such opinion will be printed on or accompany the Bonds and provide, *inter alia*, that the Bonds are valid and binding obligations of the City, and the City has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the City without limitation as to rate or amount for the payment of the Bonds and interest thereon. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, or other law affecting creditors' rights or remedies heretofore or hereinafter enacted. Certain legal matters will be passed upon for the City by its Solicitor.

Bond Counsel has not verified the accuracy, completeness or fairness of the statements contained in this Official Statement (except to the extent, if any, as specifically stated herein) and will express no opinion relating thereto.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement may be obtained from James V. Davis, Acting Chief Financial Officer of the City of Gloucester City, at 856.456.0205 or the Municipal Advisor at 856.234.2266.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth merely as opinions and not as representations of fact, and no representation is made that any such statements will be realized. Neither this Official Statement nor any statement, which may have been made verbally or in writing, is to be construed as a contract with, or a covenant for the benefit of, the holders of the Bonds. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. The information contained in the Official Statement is not guaranteed as to accuracy or completeness.

All quotations from and summaries and explanations of provisions of laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

This Official Statement has been duly executed and delivered by the Acting Chief Financial Officer of the City for and on behalf of the City.

CITY OF GLOUCESTER CITY, NEW JERSEY

By: _____
JAMES V. DAVIS, Acting Chief Financial Officer

Dated: October __, 2021

APPENDIX A

CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF GLOUCESTER CITY

GENERAL INFORMATION REGARDING THE CITY OF GLOUCESTER CITY

The following material presents certain economic and demographic information of the City of Gloucester City ("City").

General Information

The City is a developed urban area within the Delaware Valley economic region, a tri-state region composed of eleven counties in the states of New Jersey, Pennsylvania and Delaware. The region is a closely integrated economic and social unit, with an approximate population of 5.9 million people in the Consolidated Metropolitan Statistical Area. It is a major transportation center combining one of the largest port facilities in the world with extensive rail, air and interstate highway systems.

The present day City was one of the original communities that comprised Old Gloucester County. It was first settled by the Dutch in 1623 and called Fort Nassau, later by the Swedes in 1638 and named "Arwamus" after a tribe of Lenni-Lenape Indians, and finally by the British in 1677 and renamed Gloucester Point. On May 26, 1686 a convention was held in Gloucester Point, and from these deliberations resulted the establishment of Old Gloucester County, with the renamed "Gloucester Town" as the county seat.

Except for a period during the Revolutionary War when the town was occupied by the British, the County Court continued to meet in Gloucester Town until March, 1786, when the county seat was moved to Woodbury. Prior to 1844, when Camden County was established, Gloucester Town was part of Union Township, Gloucester County. In April 1868, the City was incorporated as the City of Gloucester "City" under legislation enacted by the State of New Jersey. The City became part of Camden County.

Early industrial activity centered around cotton and gingham mills, foundries and fisheries. The first manufacturing company, Washington Mills (cotton), was founded by David S. Brown in 1844. In 1845 he founded and operated the Gloucester Paint Works (cotton printing, bleaching and dyeing) and in 1871 he incorporated the Gloucester Ironworks for the manufacturing of water pipes, boilers, gas meters, fire plugs, valves and lamp posts. In 1899, the New York Shipbuilding Corporation established a shipyard in Gloucester City which continued in operation under various corporate names until the early 1960's. Through the years, more than 600 vessels, ranging from supertankers and passenger lines to battleships and nuclear-powered aircraft carriers were launched from the shipyard. Today, Holt Hauling and Warehouse Systems Inc. occupies the former shipyard and operates Holt Marine Terminal, one of the major marine terminals for the export and import of roll-on/roll-off, break-bulk and unitized cargo systems in the 135-mile stretch of the Delaware River known as the ports of Philadelphia.

Municipal Government

The City is served by a Mayor and Council (Small Municipality Plan C) form of local government with the Mayor being elected every four (4) years and the six (6) Common Council members' terms being staggered but running for three years each. During 2021 the elected Mayor of the City resigned and the current Mayor was appointed by the Common Council of the City to complete the unexpired term. The current Mayor of the City is not on the official ballot in the 2021 General Election and, therefore, will not complete the unexpired term. To fill the vacancy in the mayoral position, the City will be holding a special election on November 2, 2021 for such purpose. Upon certification of the ballots, a new mayor will be appointed to serve the balance of the unexpired term (December 31, 2022).

Growth and Development

The City has a number of redevelopment plans underway, with several others in the planning stages. The largest redevelopment project is located in the "Southport Area" of the City. Specifically, this 145 acre redevelopment project is located on the Delaware waterfront and commands great views of the Philadelphia skyline. The Southport Area redevelopment project also has some significant

environmental issues that the City is working in concert with the New Jersey Department of Environmental Protection ("NJDEP") to identify and remediate. The Southport Area has lain fallow for years and the City is working to bring back industries that will turn this area into a viable economic location. Specifically, the Southport Area has been designated a Brownfield's Development Area by the NJDEP and the City is presently engaged in active negotiations with several businesses to locate their industries there. Through the work of the NJDEP and the City and its Redevelopment partners, the City continues to make progress with respect to the undertaking of the redevelopment project and the beginning of construction for new projects in the area. Once completed, the City anticipates the creation of between 25 to 250 new jobs and increased new revenue through ground rental and payment in lieu of tax agreements with the City.

In addition, the City is currently undertaking the second phase of the redeployment of the former Coast Guard facility along the Delaware waterfront. Phase I of this redevelopment consists of a former office building occupied by the Coast Guard, which has been completely renovated and leased to Holt Industries. The second phase of this redevelopment project is currently in the planning and review stage and is expected to include apartments over retail and dining establishments

Transportation

An efficient system of highways, railroads and airlines is readily accessible to those residing and working in the City. Interstate 295, the North South Freeway (Route 42), State Highway 55, and the Atlantic City Expressway all reinforce the New Jersey Turnpike System. The City's highway system is augmented by its close proximity to the Benjamin Franklin Bridge, Walt Whitman Bridge, Commodore Barry Bridge and Delaware Memorial Bridge, which link New Jersey to Pennsylvania and Delaware. These modern highways and bridges provide easy access to all points in the Greater Delaware Valley, northern Delaware, and southern New Jersey. The Philadelphia International Airport is only 20 minutes away by automobile.

The Delaware River Port Authority ("DRPA"), the New Jersey-Pennsylvania bi-state authority that operates the Benjamin Franklin, Walt Whitman, Commodore Barry, and Betsy Ross bridges, also operates a high speed rail transit system that transports several thousand New Jersey residents into Philadelphia each day. The DRPA operates the transit system as the Port Authority Transit Company ("PATCO"). City residents who use the PATCO system are able to travel to their destinations in Camden and center city Philadelphia within twenty minutes. The DRPA, in conjunction with the New Jersey Department of Transportation, has committed funds to begin the first phase of extending a new PATCO Transit Train Line from Camden, thru Woodbury, with an ultimate termination in Glassboro at Rowan University. The City will benefit immensely from this transit expansion, since the City will be equipped with two train stops.

In addition to the PATCO rail system, the City is also served by New Jersey Transit, which operates buses throughout the County offering transit into Philadelphia and throughout the State. As part of the above noted commitment, New Jersey Transit and PATCO also propose a dedicated Bus Transit Corridor, to improve transit capabilities thru the county area, thus improving transit efficiency for the City. The Light Rail is in planning stages, this proposed line would restore passenger rail service along an existing rail line using light rail vehicles similar to the NJ TRANSIT River LINE.

Police, Fire, and Emergency Squad Services

The City employs a thirty-one member Police Department. The day-to-day administrative responsibility is vested in the Chief of Police.

The Fire Department consists of 25 full-time paid firefighter/EMT's and approximately 5 volunteers. The day-to-day administrative responsibilities of both are vested in the Fire Chief.

Library

The Gloucester City Library includes approximately 60,000 books, plus audio and video cassettes. The Library also has a large inventory of electronic data processing equipment. The Library employs four (4) full-time and five (5) part-time employees. The day-to-day administrative responsibilities are vested in a Library Director.

Parks and Recreation

The City is home to 12 parks and ball fields which feature the following:

- Playground
- Walking Track
- All Purpose Court
- Basketball Court
- Batting Cages
- Football Field and Football Practice Field
- Marina

The Parks System offers both active and passive recreational opportunities.

Utilities

Utilities are available to all City residents and industrial facilities from Public Service Electric and Gas Company and Verizon. Further, Comcast provides cable television transmission.

Municipal Services

The Division of Local Government Services of the New Jersey Department of Community Affairs supervises the financial administration of all local government units within the State.

There are fourteen (14) departments within the City government. They are: Administrative and Executive; Finance; Tax Collector; Tax Assessment; Planning and Zoning Board; Board of Health; Police; Fire; Public Works; Construction Office; Bureau of Fire Safety; Municipal Court; Library; and Environmental Utilities. Principal services provided by the City include: Police Protection; Fire Protection; Ambulance Services; Trash and Recycling Collection; Street Cleaning; Maintenance of Public Parks; Recreation Programs; Water Supply; and Sewer System.

Health

There are no hospitals or medical centers located within the City. Located within twenty five (25) miles of the Camden County area are Cooper Hospital – University Medical Center, Kennedy Memorial Hospitals, Our Lady of Lourdes Medical Center and Virtua Health Systems.

Pension Information

Employees who are eligible to participate in a pension plan are enrolled in the Public Employees' Retirement System ("PERS") or the Police and Firemen's Retirement System ("PFRS"), Department of the State of New Jersey. The State Division of Pensions annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost. The City's share of pension costs, which is based upon the annual billings, received from the State, amounted to \$508,000 for PERS and \$1,514,719 for PFRS for the amount paid year ended December 31, 2020. These amounts include the additional amounts related to Chapter 19 Early Retirement contributions.

City Employees

	<u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>2018</u>
Permanent	109	116	109
Part-time	<u>77</u>	<u>65</u>	<u>79</u>
Total	<u>186</u>	<u>181</u>	<u>186</u>

Employee Collective Bargaining Units

<u>Bargaining Units</u>	<u>Employees</u> <u>Represented</u>	<u>Contract</u> <u>Expiration</u> <u>Date</u>
Policemen's Benevolent Association	30	12/31/2021
CWA	19	12/31/2020
Firemen's Mutual Benevolent Association Superior Officers	8	12/31/2023
Firemen's Mutual Benevolent Association Rank and File	15	12/31/2021
Steelworkers	20	12/31/2020

The expired contracts are currently under negotiations.

Compensated Absences

The City permits employees to carry over vacations days from year to year. Additionally, union contracts and personnel policy allows employees to accrue unused sick days. Compensated Absence packages differ according to the various union contracts.

The City compensates employees for unused sick leave upon termination or retirement. The current policy varies according to union representation. The City estimates the value of compensated absences as of December 31, 2020 to be \$2,111,013.

Pension Plans

Those City employees who are eligible for pension coverage are enrolled in one of two pension systems established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by the State. (See Appendix B: Financial Statements of the City, Note 8 to Financial Statements).

City Population (1)

2020 Federal Census	11,484
2010 Federal Census	11,456
2000 Federal Census	11,484
1990 Federal Census	12,649
1980 Federal Census	13,121

Selected Census 2019 Data for the City (1)

Median household income	\$59,394
Per capita income	\$25,081

(1) Source: U.S. Department of Commerce, Bureau of Census

Labor Force(1)

The following table discloses current labor force data for the City, County and State.

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City					
Labor Force	5,479	5,404	5,320	5,390	5,460
Employment	4,834	5,134	5,038	5,074	5,085
Unemployment	645	270	282	316	375
Unemployment Rate	11.8%	5.0%	5.3%	5.9%	6.9%
County					
Labor Force	256,048	254,506	250,869	253,650	255,629
Employment	230,287	244,570	239,663	241,028	241,640
Unemployment	25,761	9,936	11,206	12,622	13,989
Unemployment Rate	10.1%	3.9%	4.5%	5.0%	5.5%
State					
Labor Force	4,495,200	4,522,200	4,455,500	4,476,100	4,492,800
Employment	4,055,300	4,367,300	4,278,300	4,274,100	4,271,200
Unemployment	439,900	154,900	177,200	202,000	221,600
Unemployment Rate	9.8%	3.4%	4.0%	4.5%	4.9%

MAJOR PUBLIC SECTOR EMPLOYERS IN THE COUNTY (2)

<u>Employer</u>	<u>Approximate Employment</u>
State of New Jersey	5,000
U.S. Postal Service	4,000
County of Camden	2,100
Rutgers – Camden	1,300
Cherry Hill Board of Education	1,022
City of Camden	1,000
DRPA ³ and Patco ⁴	800
Camden City Board of Education	700
Camden County College	500

Building, Zoning and Development Codes

The City has established development regulations governing the size of lots for various types of construction. The land requirements are based on the type and nature of the building.

The City's building codes conform to standards of the Uniform Construction Code of New Jersey. These codes and other Municipal Codes are codified as a basis for improved administration and regulation.

In 1976, the City adopted the Municipal Land Use Law. The Municipal Land Use Law gave the City Planning and Zoning Board of Adjustment authority to regulate most land use other than single family residential use. In this way, the City is able to guide the approximate use or development of land to promote the public health, safety, and general welfare.

(1) Source: New Jersey Department of Labor

(2) Source: Camden County

(3) Delaware River Port Authority

(4) Port Authority Transit Corporation

Building Permits(1)

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Value of Construction</u>
2021(2)	482	\$3,648,037
2020	612	7,628,912
2019	822	16,583,320
2018	628	7,166,568
2017	606	5,891,080
2016	571	3,791,058

EDUCATION(3)

Primary and Secondary

The City of Gloucester City School District ("School District") is governed by a ten-member Board of Education ("Board"). Nine (9) members are elected at large and one (1) member is appointed by the Board of Education of the Borough of Brooklawn School District. The School District operates as a Type II school district under the provisions of Title 18A of the New Jersey statutes. The Board appoints a Superintendent of Schools to administer the day-to-day affairs of the School District. The School District educates grades pre-kindergarten (Pre-K) through twelve (12), including special education classes. The School District also operates adult high school education classes. The contiguous Borough of Brooklawn sends pupils to the School District for grades nine (9) through twelve (12).

The School District prepares annually a current expense and debt service budget. The amounts to be raised by taxation for current expense and debt service are submitted to the voters for approval if the amounts are disapproved, the City Council fixes an amount and certifies the same to the School District and the County Board of Taxation. If the School District determines that the amount certified by the City is insufficient to operate a thorough and efficient school system, the School District may appeal to the State Commissioner of Education to restore the local funds eliminated.

SCHOOL DISTRICT ENROLLMENTS (3)

<u>Grade</u>	<u>2020</u>	<u>2019</u>	<u>October 15, 2018</u>	<u>2017</u>	<u>2016</u>
Pre-K	189	242	239	248	245
K	123	161	155	141	141
1	159	156	145	147	146
2	142	143	138	134	137
3	145	121	129	139	153
4	127	124	129	160	129
5	130	121	159	129	122
6	120	160	139	112	112
7	163	129	109	103	111
8	127	103	108	103	93
9	92	109	87	87	94
10	104	101	79	80	89
11	86	81	75	93	87
12	68	78	86	79	106
Sent Other	3	6	8	3	2
Spec. Ed.	<u>463</u>	<u>462</u>	<u>456</u>	<u>377</u>	<u>366</u>
Totals	<u>2,241</u>	<u>2,297</u>	<u>2,241</u>	<u>2,135</u>	<u>2,133</u>

(1) Source: City Construction Official

(2) As of September 30, 2021

(3) Source: School District Business Administrator/Board Secretary

PRESENT SCHOOL FACILITIES, ENROLLMENT AND CAPACITY(1)

<u>Name of School</u>	<u>Date Constructed</u>	<u>Grades</u>	<u>Enrollment June 30, 2020</u>
Cold Springs School	1995	PreK-3	885
Mary Ethel Costello School	1924	4-6	(closed 9/2017)
Gloucester City Jr./Sr. High	1960	7-12	537
Gloucester City Middle	2017	4-8	788

HIGHER EDUCATION FACILITIES

Rutgers University-Camden Campus

Rutgers University-Camden ("Rutgers"), is a comprehensive, publicly-supported, co-educational four-year institution accredited by the Middle States Association of Colleges and Secondary Schools and funded primarily by the State, was founded in 1950 on a 23.8 acre campus in the City of Camden. In the fall 2019, there were approximately 5,501 undergraduate students and 1,728 graduate students.

Camden County College

Fully accredited by the Middle States Association of Colleges and Secondary Schools, Camden County College ("College") is a comprehensive publicly supported, co-educational two-year institution developed under the State Department of Higher Education. It is funded in part by the County Board of Chosen Freeholders who appoint an eleven (11) member Board of Trustees. The College has three distinct campuses in Blackwood, Camden and Cherry Hill – along with its satellite locations in Lakeland, Sicklerville and elsewhere throughout the County.

As of the Spring of 2021, full time enrollment was 7,553 and part-time enrollment was 3,294 for a total of 10,847.

Camden County Technical Schools

From a vocational school that opened with 400 students in 12 trade areas in 1928, Camden County Technical Schools ("CCTS") has grown to be one of the largest and most comprehensive technical schools in the nation. The district today encompasses a full range of day and evening programs at campuses in Pennsauken and Gloucester Township. Beginning in 2012, the adult programs were operated by Camden County College as part of the Camden County shared services agreement.

For high school students, there are 32 career programs from which to choose. For the 2018-2019 school year, 1,331 students are enrolled at the Gloucester Township Campus, and 772 at the Pennsauken Campus, including 270 Special Education Students between the two campuses. Seniors are offered the opportunity to participate in several of our school-to-career programs and are offered lifetime job placement assistance. In addition, students are offered a full-range of athletics and activities to complement their education. Through Camden County College, high school juniors and seniors at CCTS have various opportunities to earn college credit for college level work completed while in high school. Students may bank the credits earned for future enrollment at colleges and universities.

(1) Source: School District Business Administrator/Board Secretary

In addition to the facilities mentioned above, Stockton University, University of Pennsylvania, Temple University, LaSalle University, Villanova University, St. Joseph's University, Drexel University and Rowan University are all within a commuting distance from the City.

CERTAIN TAX INFORMATION

TEN LARGEST TAXPAYERS (1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2021 Assessed Valuation</u>
GMT Realty LLC.	Marine Terminal	\$ 35,060,300
BKEP Materials LLC.	Oil Tank Farm	8,878,800
John Jeffrey Corporation	Warehouse	3,184,100
JAI Swaminarayan Gloucester LLC	Hotel	3,017,700
Wonderful Citrus Packing LLC	Food Packing	2,798,700
Cyzner Properties	Real Estate	2,660,800
PSE&G	Public Utility	2,438,800
MCJCSR LLC	Real Estate	2,017,600
Crescent Mobile Home Park, LLC	Mobile Home Park	1,882,700
GAF Building Materials Corp	Marine Terminal	1,827,400

CURRENT TAX COLLECTIONS(2)

<u>Year</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2020	\$ 23,354,516	\$ 22,814,615	97.69%	\$ 498,369	2.13%
2019	22,877,307	22,341,268	97.66%	440,927	1.93%
2018	22,418,895	21,686,181	96.73%	585,067	2.61%
2017	21,881,951	21,139,359	96.61%	681,159	3.11%
2016	21,257,003	20,684,997	97.31%	454,685	2.14%

DELINQUENT TAXES (2)

<u>Year</u>	<u>Outstanding</u>		<u>Collected</u>		<u>Transferred to Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
	<u>January 1</u>	<u>Added</u>	<u>Amount</u>	<u>Percentage</u>			
2020	\$ 442,523	\$ 9,476	\$ 354,984	78.54%	\$ 31,572	\$ 53,484	\$ 11,959
2019	586,067	750	439,604	74.91%	145,617		1,597
2018	728,939	9,433	565,597	76.60%	149,848	21,926	1,000
2017	455,185	6,792	396,403	85.81%	15,548	2,245	47,780
2016	297,655	9,500	301,774	98.25%	2,358	2,523	500

(1) Source: City Tax Assessor's Office

(2) Source: Annual Reports of Audit

TAX TITLE LIENS (1)

<u>Year</u>	<u>Balance January 1</u>	<u>Added by Sales and Transfers</u>	<u>Collected</u>	<u>Transfer to Property Acquired For Taxes</u>	<u>Balance Dec. 31</u>
2020	\$ 84,533	\$ 191,404	\$ 157,560	\$ 75,007	\$ 43,369
2019	289,957	474,789	551,847	128,366	84,533
2018	68,591	351,173	129,806		289,958
2017	58,083	68,591	58,083		68,591
2016	102,014	56,073	8,004	92,000	58,083

FORECLOSED PROPERTY (1)(2)

<u>Year</u>	<u>Balance January 1</u>	<u>Transfers</u>	<u>(Loss) on Sale</u>	<u>Adjustment to Assessed Valuation</u>	<u>Property Sold/Transfer to City</u>	<u>Balance December 31</u>
2020	\$ 2,548,800	\$ 75,007	\$(130,300)	\$ 243,193	\$ (20,000)	\$ 2,716,700
2019	1,958,700	128,366		461,734		2,548,800
2018	1,856,800	21,023	(74,099)	154,977	(1)	1,958,700
2017	2,187,700		(330,900)			1,856,800
2016	1,672,900	104,466	(58,900)	473,734	(4,500)	2,187,700

WATER AND SEWER COLLECTIONS (1)

<u>Year</u>	<u>January 1 Balance</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Transferred/ Canceled</u>	<u>Outstanding December 31</u>	
			<u>Amount</u>	<u>Percentage</u>		<u>Amount</u>	<u>Percentage</u>
2020	\$ 194,243	\$ 4,601,198	\$ 4,326,559	90.22%	\$ 28,461	\$ 440,421	9.57%
2019	223,605	4,519,197	4,422,227	93.24%	126,332	194,243	4.30%
2018	192,921	4,537,027	4,298,722	90.88%	207,621	223,605	4.93%
2017	222,459	3,743,671	3,739,884	94.30%	33,325	192,921	5.15%
2016	210,686	3,843,157	3,780,773	93.26%	50,611	222,459	5.79%

(1) Source: Annual Reports of Audit

(2) These amounts are reflected on the basis of assessed value in the year of acquisition in accordance with the regulation of the Division of Local Government Services

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (1)

Year	Net		Tax Rate (2)				
	Valuation	Total	Municipal		County		Local
	Taxable	Rate	Municipal	Library	County	Open Space	School
2021	\$ 519,128,250	\$ 4.658	\$ 2.535	\$ 0.035	\$ 0.815	\$ 0.021	\$ 1.252
2020	518,138,650	4.498	2.381	0.035	0.821	0.021	1.240
2019	518,017,950	4.406	2.289	0.035	0.842	0.021	1.219
2018	517,477,250	4.320	2.219	0.033	0.846	0.021	1.201
2017	516,207,850	4.231	2.154	0.035	0.868	0.022	1.152

RATIO OF ASSESSED VALUATION TO TRUE VALUE AND TRUE VALUE PER CAPITA(3)

<u>Year</u>	<u>Real Property</u>	<u>Percentage</u>	<u>True</u>	<u>True Value</u>	<u>Population (4)</u>
	<u>Assessed Valuation</u>	<u>of True Value</u>	<u>Value</u>	<u>per Capita (4)</u>	
2021	\$ 519,128,250	96.57%	\$ 537,566,791	\$ 46,810	11,484
2020	518,138,650	96.32%	537,934,645	46,842	11,484
2019	518,017,950	95.99%	539,658,246	48,098	11,220
2018	517,477,250	98.78%	523,868,445	46,612	11,239
2017	516,207,850	95.81%	538,782,851	47,917	11,244

REAL PROPERTY CLASSIFICATION(5)

<u>Year</u>	<u>Assessed Value</u>					
	<u>Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>
2021	\$ 519,128,250	\$ 8,500,800	\$ 393,397,350	\$ 96,706,100	\$ 13,690,000	\$ 6,834,000
2020	518,138,650	8,436,100	392,360,950	96,731,700	13,775,900	6,834,000
2019	518,017,950	8,374,200	392,602,550	96,431,300	13,775,900	6,834,000
2018	517,477,250	8,644,100	393,130,150	95,188,100	13,775,900	6,739,000
2017	516,207,850	8,213,100	393,731,550	95,528,400	13,835,500	4,899,300

(1) Source: City Tax Collector

(2) Per \$100 of assessed valuation

(3) Source: State of New Jersey, Department of Treasury, Division of Taxation

(4) Based upon 2016 - 2020 Estimate of New Jersey Department of Labor

(5) Source: City Tax Assessor's Office

**CITY OF GLOUCESTER CITY
2021 MUNICIPAL BUDGET**

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 1,175,000
Miscellaneous Revenues:	
Local Revenues	897,599
State Aid Without Offsetting Appropriations	2,678,496
Dedicated Uniform Construction Code Fees	
Offset With Appropriations	182,500
Special Items of Revenue with Consent of DLGS:	
Public and Private Revenues	334,600
Other Special Items	1,408,000
Receipts From Delinquent Taxes	500,000
Amount to be Raised by Taxation for Municipal Purposes:	
Local Tax for Municipal Purposes	13,158,046
Minimum Library Tax	178,847
	<hr/>
Total Anticipated Revenues	\$ 20,513,088
	<hr/>
Appropriations:	
Within CAPS:	
Operations	\$ 15,527,778
Deferred Charges and Statutory Expenditures	2,189,719
Excluded from CAPS:	
Other Operations	490,000
Capital Improvements	334,600
Debt Service	1,339,000
Transferred to Board of Education	31,991
Reserve for Uncollected Taxes	600,000
	<hr/>
Total Appropriations	\$ 20,513,088
	<hr/>

WATER AND SEWER UTILITY FUND

Anticipated Revenues:	
Operating Fund Balance	\$ 550,000
Rents	4,308,000
Miscellaneous	200,000
	<hr/>
Total Anticipated Revenues	\$ 5,058,000
	<hr/>
Appropriations:	
Operating	\$ 3,149,000
Debt Service	1,479,000
Capital Outlay	100,000
Statutory Expenditures	265,000
Surplus (General Budget)	65,000
	<hr/>
Total Appropriations	\$ 5,058,000
	<hr/>

**CITY OF GLOUCESTER CITY
CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2021 - 2026**

	<u>Estimated Total Cost</u>	<u>2021 Budget Appropriation</u>	<u>Capital Improvement Fund</u>	<u>Debt Authorized</u>	<u>To be Funded in Future Years</u>
Various General Capital Improvements-2021	\$ 1,200,000.00		\$ 60,000.00	\$ 1,140,000.00	
Various Utility Capital Improvements-2021	1,050,000.00			1,050,000.00	
Various General Capital Improvements-2022	1,000,000.00		50,000.00		\$ 950,000.00
Various Utility Capital Improvements-2022	1,000,000.00				1,000,000.00
Various General Capital Improvements-2023	1,000,000.00		50,000.00		950,000.00
Various Utility Capital Improvements-2023	1,000,000.00				1,000,000.00
Various General Capital Improvements-2024	1,000,000.00		50,000.00		950,000.00
Various Utility Capital Improvements-2024	1,000,000.00				1,000,000.00
Various General Capital Improvements-2025	1,000,000.00		50,000.00		950,000.00
Various Utility Capital Improvements-2025	1,000,000.00				1,000,000.00
Various General Capital Improvements-2026	1,000,000.00		50,000.00		950,000.00
Various Utility Capital Improvements-2026	1,000,000.00				1,000,000.00
Total - All Projects	<u>\$ 12,250,000.00</u>	<u>\$ -</u>	<u>\$ 310,000.00</u>	<u>\$ 2,190,000.00</u>	<u>\$9,750,000.00</u>

**CITY OF GLOUCESTER CITY
STATEMENT OF INDEBTEDNESS
AS OF DECEMBER 31, 2020**

The following table summarizes the direct debt of the City of Gloucester City as of December 31, 2020 in accordance with the requirements of the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-2- et.seq.). The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General, Water and Sewer Utility and debt of the Local School District. Deductions from gross debt to arrive at net debt include school debt, as well as, debt considered to be self-liquidating. The resulting net debt of \$13,528,905 represents 2.52% of the average of equalized valuations for the City for the last three years, which is within the 3.5 % limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued				Deductions				
	<u>Bonds</u>	<u>Loans</u>	<u>Notes and Short Term Loan</u>	<u>Authorized But Not Issued</u>	<u>Gross Debt</u>	<u>School Debt</u>	<u>Funds On Hand</u>	<u>Self-Liquidating Debt</u>	<u>Net Debt</u>
General	\$ 7,120,000	\$1,064,687	\$ 2,746,450	\$ 2,752,194	\$ 13,683,331		\$ 154,426		\$ 13,528,905
School - Local	2,975,000				2,975,000	\$ 2,975,000			
Water Sewer Utility	1,190,000	7,718,089	3,226,317	1,372,798	13,507,204			\$ 13,507,204	
	<u>\$ 11,285,000</u>	<u>\$ 8,782,776</u>	<u>\$ 5,972,767</u>	<u>\$ 4,124,992</u>	<u>\$ 30,165,535</u>	<u>\$ 2,975,000</u>	<u>\$ 154,426</u>	<u>\$ 13,507,204</u>	<u>\$ 13,528,905</u>

Source: Annual Debt Statement - Revised
As of: December 31, 2020

DEBT RATIOS AND VALUATIONS (1)(2)

Average of Equalized Valuations of Real Property with Improvements for 2018, 2019, and 2020	\$ 537,815,444
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2018, 2019, and 2020	2.52%
2020 Net Valuation Taxable	\$ 518,138,650
2020 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$ 537,934,645
Gross Debt (3):	
As a percentage of 2020 Net Valuation Taxable	5.82%
As a percentage of 2020 Equalized Valuations	5.61%
Net Debt (3):	
As a percentage of 2020 Net Valuation Taxable	2.61%
As a percentage of 2020 Equalized Valuations	2.51%
Gross Debt Per Capita (4)	\$ 2,627
Net Debt Per Capita (4)	1,178

CITY BORROWING CAPACITY(1)(2)

3.5% of Averaged (2018-20) Equalized Valuation of Real Property including Improvements	\$ 18,823,541
Net Debt	<u>13,528,905</u>
Remaining Borrowing Capacity	<u>\$ 5,294,635</u>

LOCAL SCHOOL DISTRICT BORROWING CAPACITY(1)(2)

4% of Averaged (2018-20) Equalized Valuation of Real Property including Improvements	\$ 21,512,618
Local School Debt	<u>2,975,000</u>
Remaining Borrowing Capacity	<u>\$ 18,537,618</u>

(1) As of December 31, 2020

(2) Source: Annual Debt Statement - Revised

(3) Excluding overlapping debt

(4) Based on 2020 population by the New Jersey Department of Labor of 11,484

**CITY OF GLOUCESTER CITY
OVERLAPPING DEBT AS OF DECEMBER 31, 2020**

DEBT ISSUED					
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	<u>Debt Auth. but not Issued</u>
County of Camden (1):					
General:					
Bonds	\$ 36,380,000	\$ 19,103,198 (2)	\$ 17,276,802	\$ 238,420 (4)	\$ 91,546,694
Notes	25,461,125		25,461,125	351,364 (4)	
Loan Agreements	351,009,923		351,009,923	4,843,937 (4)	
Bonds Issued by Other Public Bodies					
Guaranteed by the County	248,987,704	248,987,704 (3)			
	<u>\$ 661,838,752</u>	<u>\$ 268,090,902</u>	<u>\$ 393,747,850</u>	<u>\$ 5,433,720</u>	<u>\$ 91,546,694</u>

(1) Source: County of Camden

(2) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.

(3) Deductible in accordance with N.J.S. 40:37A-80.

(4) Such debt is allocated as a proportion of the Issuer's share of the total 2020 Net Valuation on which County taxes are apportioned, which is 1.38%.

**CITY OF GLOUCESTER CITY
SCHEDULE OF DEBT SERVICE (1)
(BONDED DEBT ONLY)**

<u>Year</u>	<u>General</u>		<u>Water-Sewer Utility</u>		<u>Grand Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 805,000	\$ 258,350	\$ 380,000	\$ 35,831	\$ 1,479,181
2022	340,000	233,913	35,000	25,231	634,144
2023	350,000	222,213	35,000	24,181	631,394
2024	360,000	210,188	35,000	23,131	628,319
2025	370,000	197,672	35,000	22,059	624,731
2026	385,000	184,491	35,000	20,966	625,457
2027	395,000	170,778	40,000	19,794	625,572
2028	410,000	156,625	40,000	18,544	625,169
2029	425,000	141,953	40,000	17,294	624,247
2030	435,000	126,841	45,000	15,966	622,807
2031	175,000	115,584	45,000	14,559	350,143
2032	180,000	108,263	45,000	13,153	346,416
2033	190,000	100,631	50,000	11,669	352,300
2034	195,000	92,691	50,000	10,106	347,797
2035	205,000	84,441	50,000	8,513	347,954
2036	210,000	75,881	55,000	6,806	347,687
2037	220,000	67,013	55,000	5,019	347,032
2038	225,000	57,694	60,000	3,113	345,807
2039	235,000	47,919	60,000	1,050	343,969
2040	245,000	37,719			282,719
2041	255,000	27,094			282,094
2042	255,000	16,256			271,256
2043	255,000	5,419			260,419
	<u>\$ 7,120,000</u>	<u>\$ 2,739,629</u>	<u>\$ 1,190,000</u>	<u>\$ 296,985</u>	<u>\$ 11,346,614</u>

(1) As of December 31, 2020

Source: Annual Financial Statement

SCHEDULE OF OUTSTANDING DEBT SERVICE
LONG TERM LOANS (1)

<u>Year</u>	<u>General</u>		<u>Water-Sewer Utility</u>		<u>Grand Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 195,735	\$ 7,524	\$ 831,791	\$ 153,290	\$ 1,188,340
2022	147,199	4,736	775,347	134,981	1,062,263
2023	97,176	3,438	754,688	118,158	973,460
2024	97,982	2,631	756,074	101,658	958,345
2025	66,489	1,969	782,502	84,658	935,618
2026	66,679	1,779	795,598	67,008	931,064
2027	66,873	1,586	810,243	50,203	928,905
2028	67,070	1,388	809,657	33,040	911,155
2029	67,272	1,187	231,965	15,506	315,930
2030	67,477	981	226,965	13,581	309,004
2031	67,687	772	200,448	11,781	280,688
2032	57,048	612	164,638	9,944	232,242
2033			143,862	7,638	151,500
2034			98,862	4,950	103,812
2035			98,862	3,600	102,462
2036			78,862	2,250	81,112
2037			78,862	1,500	80,362
2038			78,863	750	79,613
	<u>\$ 1,064,687</u>	<u>\$ 28,603</u>	<u>\$ 7,718,089</u>	<u>\$ 814,496</u>	<u>\$ 9,625,875</u>

(1) As of December 31, 2020

Source: Annual Financial Statement

APPENDIX B

FINANCIAL STATEMENTS OF THE CITY OF GLOUCESTER CITY

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Gloucester City
Gloucester City, New Jersey 08030

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the City of Gloucester City, in the County of Camden, State of New Jersey, as of December 31, 2020, 2019, 2018, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in note 1 to the financial statements, the financial statements are prepared by the City on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

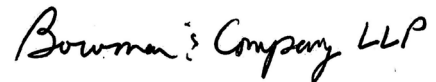
Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the "*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Gloucester City, in the County of Camden, State of New Jersey, as of December 31, 2020, 2019, 2018, 2017 and 2016, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the City of Gloucester City, in the County of Camden, State of New Jersey, as of December 31, 2020, 2019, 2018, 2017 and 2016, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
September 15, 2021

CITY OF GLOUCESTER CITY

CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis

	As of December 31,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>					
Cash	\$ 3,689,067	\$ 5,189,968	\$ 4,454,320	\$ 3,421,701	\$ 3,505,039
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	510,328	442,523	586,067	728,939	455,185
Tax Title Liens Receivable	43,369	84,533	289,957	68,591	58,083
Property Acquired for Taxes--Assessed Valuation	2,716,700	2,548,800	1,958,700	1,856,800	2,187,700
Revenue Accounts Receivable	118,929	223,425	103,118	187,180	83,789
Other Accounts Receivable	24,012	27,964	36,469	78,208	60,421
Prepaid School Taxes		14,347	3,307		
Interfunds Receivable	548,202	28,818	65,576	575,122	108
Deferred Charges			10,000	160,000	150,000
Federal and State Grants Receivable	1,202,811	3,779,263	2,263,924	2,199,124	2,007,696
Interfund Receivable Federal and State Grant Fund	699,828	231,039	250,522	29,959	90,882
	<u>\$ 9,553,246</u>	<u>\$ 12,570,681</u>	<u>\$ 10,021,960</u>	<u>\$ 9,305,623</u>	<u>\$ 8,598,903</u>
<u>LIABILITIES, RESERVES</u>					
<u>AND FUND BALANCE</u>					
Appropriation Reserves	\$ 685,838	\$ 485,660	\$ 377,156	\$ 436,020	\$ 221,947
Reserve for Encumbrances	444,074	306,649	703,407	176,176	269,938
Accounts Payable			3,562	522,800	702
Prepaid Taxes	246,883	230,589	203,909	226,679	151,415
Payroll Taxes Payable	104,632	415,569	71,662	25,586	94,027
Tax Overpayments	10,342	2,037	1,356		
Due County for Added & Omitted Taxes	9,126	10,498	12,832	8,665	5,973
Due to School District	12,503				
Due to State of New Jersey	74,536	73,827	89,210	83,410	82,753
Due CCMUAA	1,240	1,240	1,240	1,240	1,240
Due Library			4,101	13,585	
Reserve for Federal and State Grants	1,505,968	3,805,337	1,983,512	2,228,356	2,036,310
Reserve for Deposits of Sale of Property	20	20	20	20	20
Reserve for Master Plan	2,185	2,185	2,358	17,688	19,329
Reserve for Revaluation	13,978	13,978	13,978	13,978	13,978
Reserve for Debt Service	57,660				
Reserve for Contracts Settlements		71,469	38,119	41,651	41,651
Interfunds Payable	1,063,638	928,143	555,528	223,134	283,025
Reserves for Receivables and Other Assets	3,961,540	3,370,411	3,043,194	3,494,840	2,845,286
Fund Balance	<u>1,359,083</u>	<u>2,853,070</u>	<u>2,916,816</u>	<u>1,791,793</u>	<u>2,531,309</u>
	<u>\$ 9,553,246</u>	<u>\$ 12,570,681</u>	<u>\$ 10,021,960</u>	<u>\$ 9,305,623</u>	<u>\$ 8,598,903</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF GLOUCESTER CITY
CURRENT FUND
Statements of Operations and Changes in Fund Balance--Regulatory Basis

	For the Years Ended December 31,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Revenue and Other Income Realized:</u>					
Receipts from Current Taxes	\$ 22,814,615	\$ 22,341,268	\$ 21,686,181	\$ 21,139,359	\$ 20,684,997
Receipts from Delinquent Taxes	459,601	941,668	695,404	454,486	309,028
 Total Taxes	 23,274,216	 23,282,936	 22,381,584	 21,593,846	 20,994,025
Miscellaneous Revenues Anticipated	5,439,465	7,619,872	7,490,661	6,549,702	7,113,649
Non-Budget and Other Income	1,089,514	978,756	1,621,135	966,079	643,913
Fund Balance Utilized	2,220,000	2,220,000	1,700,000	1,800,000	1,800,000
 Total Income	 32,023,195	 34,101,564	 33,193,380	 30,909,627	 30,551,587
<u>Expenditures:</u>					
Operating	16,061,301	16,783,095	14,917,632	15,893,038	15,778,093
Deferred Charges and Statutory Expenditures	2,045,054	1,998,893	1,960,155	1,870,520	1,958,247
Capital Improvements	336,386	925,000	318,420	10,000	10,000
Municipal Debt Service	1,285,031	1,354,346	2,351,915	988,777	899,969
County Taxes	4,373,259	4,482,830	4,494,249	4,595,096	4,935,483
Local District School Taxes	6,422,109	6,313,631	6,210,718	5,947,540	5,255,064
Interfunds Payable	519,384	4			
Other Expenditures	254,659	87,512	115,268	624,171	36,206
 Total Expenditures	 31,297,182	 31,945,311	 30,368,357	 29,929,143	 28,873,062
 Excess in Revenues	 726,013	 2,156,254	 2,825,023	 980,484	 1,678,525
 Adjustments to Income before Fund Balance					
Expenditures included above which are by Statute					
Deferred Charges to Budget of Succeeding Years				80,000	
 Statutory Excess to Fund Balance	 726,013	 2,156,254	 2,825,023	 1,060,484	 1,678,525
<u>Fund Balance</u>					
Fund Balance Jan. 1	2,853,070	2,916,816	1,791,793	2,531,309	2,652,784
 Decreased by:	 3,579,083	 5,073,070	 4,616,816	 3,591,793	 4,331,309
Utilized as Anticipated Revenue	2,220,000	2,220,000	1,700,000	1,800,000	1,800,000
 Fund Balance Dec. 31	 \$ 1,359,083	 \$ 2,853,070	 \$ 2,916,816	 \$ 1,791,793	 \$ 2,531,309

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF GLOUCESTER CITY

TRUST FUND

Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis

As of December 31,					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>					
Animal Control Fund:					
Cash	\$ 10,868	\$ 8,885	\$ 5,367	\$ 5,867	\$ 11,290
Interfunds Receivable			84	208	
Other Accounts Receivable	8	8	8	8	8
	10,877	8,893	5,460	6,083	11,298
Trust Other Funds:					
Cash	887,848	965,421	925,130	958,009	806,557
Other Accounts Receivable	1,223,411	1,474,550	1,608,682	1,742,601	1,846,489
Interfunds Receivable				8,846	31,632
	2,111,259	2,439,971	2,533,811	2,709,455	2,684,678
Community Development Fund:					
Cash	487,411	630,565	596,564	769,201	1,101,428
Other Accounts Receivable	2,857,973	3,052,455	3,173,528	3,180,055	3,248,963
Interfunds Receivable	273,443	274,074	234,271	223,549	160,511
	3,618,827	3,957,094	4,004,364	4,172,805	4,510,902
	<u>\$ 5,740,963</u>	<u>\$ 6,405,958</u>	<u>\$ 6,543,635</u>	<u>\$ 6,888,343</u>	<u>\$ 7,206,878</u>
<u>LIABILITIES, RESERVES</u>					
<u>AND FUND BALANCE</u>					
Animal Control Fund:					
Reserve for Animal Control Fund Expenditure	\$ 8,992	\$ 8,479	\$ 5,460	\$ 4,461	\$ 4,136
Interfunds Payable	1,885	4			1
Accounts Payable		410		1,622	7,161
	10,877	8,893	5,460	6,083	11,298
Trust Other Funds:					
Reserve for Tax Title Lien Premiums and Redemptions	224,567	176,543	220,993	276,026	245,186
Interfunds Payable	101,251	28,814	43,943	76	
Accounts Payable	45,511	13,151	3,882	10,083	10,933
Other Liabilities and Special Funds	1,739,929	2,221,464	2,264,994	2,423,270	2,428,559
	2,111,259	2,439,971	2,533,811	2,709,455	2,684,678
Community Development Fund:					
Accounts Payable	5,148	19,858	295,712	283,021	698,852
Miscellaneous Reserves	3,613,680	3,937,237	3,708,652	3,889,784	3,812,050
	3,618,827	3,957,094	4,004,364	4,172,805	4,510,902
	<u>\$ 5,740,963</u>	<u>\$ 6,405,958</u>	<u>\$ 6,543,635</u>	<u>\$ 6,888,343</u>	<u>\$ 7,206,877</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF GLOUCESTER CITY
GENERAL CAPITAL FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis

	As of December 31,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>					
Cash	\$ 66,301	\$ 1,361,749	\$ 1,979,348	\$ 1,970,068	\$ 1,575,861
Interfunds Receivable	2,025,149	500,387	225,724	415,734	
Grants Receivable	413,103	424,520	468,846	43,465	43,465
Deferred Charges to Future Taxation:					
Unfunded	5,498,644	5,059,744	3,751,594	12,406,523	12,141,662
Funded	8,184,687	9,162,690	10,173,673	2,574,992	3,118,068
	<u>\$ 16,187,884</u>	<u>\$ 16,509,090</u>	<u>\$ 16,599,184</u>	<u>\$ 17,410,783</u>	<u>\$ 16,879,056</u>
<u>LIABILITIES, RESERVES</u>					
<u>AND FUND BALANCE</u>					
Improvement Authorizations:					
Funded	\$ 844,528	\$ 1,293,570	\$ 1,336,794	\$ 148,219	\$ 216,459
Unfunded	3,724,769	4,771,734	3,712,839	4,599,136	4,517,417
Capital Improvement Fund	61,136	9,236	3,086	10,686	27,586
Green Trust Loan Payable	380,113	516,068	649,343	779,992	908,068
Demolition Loan Payable	684,574	741,622	856,330		
Reserve for Encumbrances	165,357	91,899	358,408	274,461	442,986
Interfunds Payable	255,713				107
Serial Bond Payable	7,120,000	7,905,000	8,668,000	1,795,000	2,210,000
Reserve to Pay Debt	147,343	147,343		1,500,000	
Reserve to Pay Green Loan	7,083	7,083	7,083	7,083	7,083
Bond Anticipation Notes	2,746,450	999,400	999,400	8,288,305	8,513,105
Fund Balance	50,817	26,135	7,901	7,901	36,245
	<u>\$ 16,187,884</u>	<u>\$ 16,509,090</u>	<u>\$ 16,599,184</u>	<u>\$ 17,410,783</u>	<u>\$ 16,879,056</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF GLOUCESTER CITY
WATER AND SEWER UTILITY FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis

<u>ASSETS</u>	As of December 31,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating Fund:					
Cash	\$ 1,798,923	\$ 1,611,397	\$ 1,160,761	\$ 1,029,772	\$ 836,525
Interfunds Receivable		72,215		4,191	85
Receivables with Full Reserves:					
Consumer Accounts Receivable	440,421	194,243	223,605	192,921	222,459
Total Operating Fund	2,239,344	1,877,854	1,384,365	1,226,884	1,059,069
Capital Fund:					
Cash	4,568,607	1,161,173	1,369,819	482,393	998,283
New Jersey Environmental Infrastructure Trust Loans					
Receivable	29,971	56,247	172,060	685,726	958,051
Interfunds Receivable	32,191	33,235	32,830	8,486	
Fixed Capital	19,596,652	19,561,759	19,404,252	19,404,252	19,404,252
Fixed Capital Authorized and Uncompleted	22,271,847	21,821,847	21,069,354	21,069,354	21,069,354
Total Capital Fund	46,499,268	42,634,262	42,048,315	41,650,211	42,429,940
	<u>\$ 48,738,611</u>	<u>\$ 44,512,116</u>	<u>\$ 43,432,680</u>	<u>\$ 42,877,095</u>	<u>\$ 43,489,009</u>
<u>LIABILITIES, RESERVES</u>					
<u>AND FUND BALANCE</u>					
Operating Fund:					
Appropriation Reserves	\$ 431,909	\$ 330,762	\$ 127,200	\$ 124,874	\$ 86,936
Encumbrances Payable	42,040	74,755	33,837	46,889	74,094
Accrued Interest on Bonds and Notes	83,076	88,755	102,829	103,168	115,974
Water and Sewer Rental Overpayments	25,080	25,892	18,035	16,736	22,067
Accounts Payable				9,200	
Interfunds Payable	57,550	22,934	49,661	113,962	
Reserve for Contract Settlements		52,491	42,345	53,748	53,748
Reserves for Receivables	440,421	194,243	223,605	192,921	222,459
Fund Balance	1,159,268	1,088,023	786,853	565,385	483,791
Total Operating Fund	2,239,344	1,877,854	1,384,365	1,226,884	1,059,069
Capital Fund:					
Interfunds Payable	2,041,800	106,074	106,074	875,122	85
Bond Anticipation Notes	3,226,317			904,598	990,323
Serial Bonds Payable	1,190,000	1,570,000	1,954,000	1,400,000	1,750,000
NJ Environmental Infrastructure Trust Loans Payable	7,718,089	8,534,475	7,981,743	9,267,054	9,728,945
NJ Environmental Infrastructure Trust Loans Payable - Short Term			1,412,385		
Capital Improvement Fund	57,470	57,470	47,470	41,470	31,470
Improvement Authorizations:					
Funded	659,062	1,529,163	1,530,960	965,656	690,263
Unfunded	1,586,547	3,565,130	2,903,146	3,433,127	5,073,708
Reserve for Encumbrances	1,535,751	32,078	506	88,804	383,275
Reserve to Pay Debt	81,287	81,287	81,287	81,287	425,787
Reserve for Amortization	26,328,088	25,112,723	23,987,978	22,550,328	21,313,319
Deferred Reserve for Amortization	2,033,207	2,033,207	2,033,207	2,033,207	2,033,207
Fund Balance	41,649	12,654	9,558	9,558	9,558
Total Capital Fund	46,499,268	42,634,262	42,048,315	41,650,211	42,429,940
	<u>\$ 48,738,611</u>	<u>\$ 44,512,116</u>	<u>\$ 43,432,680</u>	<u>\$ 42,877,095</u>	<u>\$ 43,489,009</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF GLOUCESTER CITY
WATER AND SEWER UTILITY OPERATING FUND
Statements of Operations and Changes in Fund Balance--Regulatory Basis

	For the Years Ended December 31,				
<u>Revenue and Other Income Realized</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Fund Balance Utilized	\$ 530,000	\$ 530,000	\$ 465,000	\$ 350,000	\$ 450,000
Sewer Service Charges	4,326,559	4,422,227	4,097,722	3,739,884	3,780,773
Rents Additional			201,000		
Miscellaneous	213,751	340,372	306,821	338,371	349,983
Reserve for Payment of Debt				344,500	
Other Credits to Income	398,759	84,034	72,431	92,003	96,875
Total Income	5,469,068	5,376,633	5,142,974	4,864,759	4,677,631
<u>Expenditures</u>					
Operating	3,100,000	2,920,685	2,873,404	2,782,800	2,904,000
Debt Service	1,385,505	1,338,363	1,291,909	1,440,640	1,320,930
Capital Improvement Fund	107,000	10,000	6,000	10,000	10,000
Cancellation of State of New Jersey Receivable			20,222		
Statutory Expenditures	275,318	276,415	264,971	199,725	185,800
Total Expenditures	4,867,823	4,545,463	4,456,506	4,433,165	4,420,730
Statutory Excess to Fund Balance	601,245	831,170	686,468	431,594	256,902
<u>Fund Balance</u>					
Balance January 1	1,088,023	786,853	565,385	483,791	676,889
	1,689,268	1,618,023	1,251,853	915,385	933,791
Decreased by:					
Realized as Revenue	530,000	530,000	465,000	350,000	450,000
Balance December 31	\$ 1,159,268	\$ 1,088,023	\$ 786,853	\$ 565,385	\$ 483,791

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF GLOUCESTER CITY
Notes to Financial Statements
For the Year Ended December 31, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The City of Gloucester City (hereafter referred to as the "City") was incorporated by an act of the New Jersey Legislature on February 25, 1868, from the remaining portions of Union City, which was then dissolved. The City, which is located in Camden County, has a total area of approximately three square miles, and is centrally located directly across the Delaware River from Philadelphia and the Port of Philadelphia. The City borders the Boroughs of Brooklawn, Bellmawr, Mount Ephraim, the City of Camden and Haddon Township in addition to bordering Gloucester County. According to the 2010 census, the population is 11,456.

The City has a Mayor-Council form of government known as the Mayor-Council Plan A under the Optional Municipal Charter Law of 1960, popularly known as the Faulkner Act. The Mayor is separately elected. Executive and administrative responsibility rests with the Mayor, who is assisted by the City Administrator.

Component Units - The financial statements of the component units of the City are not presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended. If the provisions of the aforementioned GASB Statement, as amended had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the City, the primary government:

Gloucester City Library
50 North Railroad
Gloucester City, New Jersey 08030

Gloucester City Economic Development Corporation
P.O. Box 602
Gloucester City, New Jersey 08030

Annual financial reports may be inspected directly at the offices of these component units during regular business hours.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the City contain all funds and account groups in accordance with the *Requirements of Audit* (the "*Requirements*") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd) - In accordance with the *Requirements*, the City accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds - The various trust funds account for receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

Water and Sewer Utility Operating and Capital Funds - The water and sewer utility operating and capital funds account for the operations and acquisition of capital facilities of the municipally owned water and sewer operations.

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

Budgets and Budgetary Accounting - The City must adopt an annual budget for its current and water and sewer utility funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the City's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash, Cash Equivalents and Investments (Cont'd) - N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the City requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the current fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The City has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The City is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the City's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment, improvements, and contributed capital.

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed asset group of accounts. If such property is converted to a municipal use, it will be recorded in the general fixed asset group of accounts.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund balances included in the current fund and water and sewer utility operating fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the City's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the City's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the City's annual budget, but also the amounts required in support of the budgets of the County of Camden, the Gloucester City School District, and the Gloucester City Library. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The City is responsible for levying, collecting, and remitting school taxes for the Gloucester City School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

County Taxes - The City is responsible for levying, collecting, and remitting county taxes for the County of Camden. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Library Taxes - The City is responsible for levying, collecting, and remitting library taxes to the Gloucester City Library. Effective 2011, the amount of library tax is a separate local levy tax and is remitted to the library through the municipal budget.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the City's annual budget protects the City from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as income.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be recovered. Although the City does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2020, the City's bank balances of \$12,213,676.04 were insured by FDIC and GUDPA.

Note 3: PROPERTY TAXES

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years:

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	<u>\$ 4.498</u>	<u>\$ 4.406</u>	<u>\$ 4.320</u>	<u>\$ 4.231</u>	<u>\$ 4.071</u>
Apportionment of Tax Rate:					
Municipal	\$ 2.381	\$ 2.289	\$ 2.219	\$ 2.154	\$ 2.080
Municipal Library	.035	0.035	0.033	0.035	0.037
County Open Space	.021	0.021	0.021	0.022	0.023
County	.821	0.842	0.846	0.868	0.923
Local School	1.240	1.219	1.201	1.152	1.008

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2020	\$ 518,138,650.00
2019	518,017,950.00
2018	517,477,250.00
2017	516,207,850.00
2016	521,431,400.00

Comparison of Tax Levies and Collections

	<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
	2020	\$ 23,354,515.99	\$ 22,814,614.63	97.69%
	2019	22,877,306.83	22,341,268.31	97.66%
	2018	22,418,895.02	21,686,180.89	96.73%
	2017	21,881,950.62	21,139,359.07	96.61%
	2016	21,257,002.96	20,684,996.99	97.31%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2020	\$ 43,369.04	\$ 510,328.22	\$ 553,697.26	2.37%
2019	84,532.95	442,523.48	527,056.43	2.30%
2018	289,957.16	586,067.24	876,024.40	3.91%
2017	68,590.89	728,938.60	797,529.49	3.64%
2016	58,083.22	455,184.67	513,267.89	2.41%

Note 3: PROPERTY TAXES (CONT'D)

The following comparison is made of the number of tax title liens receivable on December 31 for the current and previous four calendar years:

<u>Year</u>	<u>Number</u>
2020	9
2019	12
2018	27
2017	9
2016	1

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, for the current and previous four years was as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 2,716,700.00
2019	2,548,800.00
2018	1,958,700.00
2017	1,856,800.00
2016	2,187,700.00

Note 5: WATER AND SEWER UTILITY SERVICE CHARGES

The following is a five-year comparison of water and sewer utility service charges (rents) for the current and previous four years:

<u>Year</u>	<u>Beginning Receivable</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
2020	\$ 194,242.87	\$ 4,572,736.59	\$ 4,766,979.46	\$ 4,326,558.77
2019	223,604.96	4,519,197.47	4,742,802.43	4,422,227.20
2018	192,920.93	4,537,026.83	4,729,947.76	4,298,722.25
2017	222,458.86	3,743,670.79	3,966,129.65	3,739,884.16
2016	210,686.05	3,843,156.56	4,053,842.61	3,780,772.96

Note 6: FUND BALANCES APPROPRIATED

The following schedules detail the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2020	\$ 1,359,082.66	\$ 1,175,000.00	86.46%
2019	2,853,069.84	2,220,000.00	77.81%
2018	2,916,816.04	2,220,000.00	76.11%
2017	1,791,792.88	1,700,000.00	94.88%
2016	2,531,308.93	1,800,000.00	71.11%

Water & Sewer Utility Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Succeeding Year</u>		<u>Percentage of Fund Balance Used</u>
		<u>Utility Budget</u>	<u>Current Fund Budget</u>	
2020	\$ 1,159,267.87	\$ 550,000.00	\$ 65,000.00	53.05%
2019	1,088,022.82	530,000.00	65,000.00	54.69%
2018	786,853.00	530,000.00	65,000.00	75.62%
2017	565,384.64	465,000.00	65,000.00	93.74%
2016	483,790.82	350,000.00		72.35%

Note 7: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2020:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 548,201.60	\$ 916,295.60
Federal and State Grant	699,827.88	147,342.63
Trust - Community Development	273,443.04	
Trust - Animal Control		1,884.58
Trust - Other		158,226.45
General Capital	2,025,149.42	255,713.19
Utility - Operating		57,549.79
Utility - Capital	32,190.51	2,041,800.21
Totals	<u>\$ 3,578,812.45</u>	<u>\$ 3,578,812.45</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2021, the City expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 8: PENSION PLANS

A substantial number of the City's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, certain City employees may be eligible to participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS and PFRS plans' fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

General Information about the Pension Plans**Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the City, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Police and Firemen's Retirement System - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the City. The PFRS' Board of Trustees is primarily responsible for the administration of the PFRS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemen's Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier Definition

- 1 Members who were enrolled prior to May 22, 2010
- 2 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 3 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 7.50% of base salary, effective July 1, 2018. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The City's contractually required contribution rate for the year ended December 31, 2020 was 13.81% of the City's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2020, the City's contractually required contribution to the pension plan for the year ended December 31, 2020 is \$478,265.00, and was payable by April 1, 2021. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2019, the City's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$432,932.00, which was paid by April 1, 2020.

Employee contributions to the Plan during the year ended December 31, 2020 were \$264,330.11.

Police and Firemen's Retirement System - The contribution policy for PFRS is set by N.J.S.A 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 10.0% of base salary. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

Special Funding Situation Component - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - Based on the most recent PFRS measurement date of June 30, 2020, the City's contractually required contribution to the pension plan for the year ended December 31, 2020 is \$1,441,661.00, and is payable by April 1, 2021. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2019, the City's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$1,306,103.00, which was paid on April 1, 2020.

Employee contributions to the Plan for the year ended December 31, 2020 were \$505,864.10.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the City, for the year ended December 31, 2020 was 3.96% of the City's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2020, the State's contractually required contribution, on-behalf of the City, to the pension plan for the year ended December 31, 2020 was \$199,129.00, and is payable by April 1, 2021. For the prior year measurement date of June 30, 2019, the State's contractually required contribution, on-behalf of the City, to the pension plan for the year ended December 31, 2019 was \$168,355.00, which was paid on April 1, 2020.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the City contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The City adopted a Defined Contribution Retirement Program on March 23, 2017. Currently, there are no participants in the program.

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**Public Employees' Retirement System**

Pension Liability - As of December 31, 2020, the City's proportionate share of the PERS net pension liability was \$7,129,443.00. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2020 measurement date, the City's proportion was .0437191088%, which was a decrease of .0007889184% from its proportion measured as of June 30, 2019.

Pension Expense - For the year ended December 31, 2020, the City's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date was \$149,623.00. This (benefit) expense is not recognized by the City because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2020, the City's contribution to PERS was \$432,932.00, and was paid on April 1, 2020.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Police and Firemen's Retirement System**

Pension Liability - As of December 31, 2020, the City's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

City's Proportionate Share of Net Pension Liability	\$ 16,674,407.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the City	<u>2,587,792.00</u>
	<u>\$ 19,262,199.00</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2020 measurement date, the City's proportion was .1290457046%, which was a decrease of .0002572653% from its proportion measured as of June 30, 2019. Likewise, at June 30, 2020, the State of New Jersey's proportion, on-behalf of the City, was .1290457046%, which was a decrease of .0002572653% from its proportion, on-behalf of the City, measured as of June 30, 2019.

Pension Expense - For the year ended December 31, 2020, the City's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date was \$890,877.00. This (benefit) expense is not recognized by the City because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2020, the City's contribution to PFRS was \$1,306,103.00, and was paid on April 1, 2020.

For the year ended December 31, 2020, the State's proportionate share of the PFRS pension (benefit) expense, associated with the City, calculated by the Plan as of the June 30, 2020 measurement date, was \$293,274.00. This on-behalf (benefit) expense is not recognized by the City because of the regulatory basis of accounting as described in note 1.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2020, the City had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 129,815.00	\$ 168,106.00	\$ 297,921.00	\$ 25,213.00	\$ 59,842.00	\$ 85,055.00
Changes of Assumptions	231,287.00	41,961.00	273,248.00	2,985,165.00	4,470,309.00	7,455,474.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	243,690.00	977,698.00	1,221,388.00	-	-	-
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions	54,018.00	258,420.00	312,438.00	450,961.00	598,155.00	1,049,116.00
City Contributions Subsequent to the Measurement Date	239,133.00	720,831.00	959,964.00	-	-	-
	<u>\$ 897,943.00</u>	<u>\$ 2,167,016.00</u>	<u>\$ 3,064,959.00</u>	<u>\$ 3,461,339.00</u>	<u>\$ 5,128,306.00</u>	<u>\$ 8,589,645.00</u>

Deferred outflows of resources in the amounts of \$239,133.00 and \$720,831.00 for PERS and PFRS, respectively, will be included as a reduction of the net pension liability during the year ending December 31, 2021. These amounts were based on an estimated April 1, 2022 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2020 to the City's year end of December 31, 2020.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The City will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	PERS		PFRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
June 30, 2018	-	5.63	5.73	-
June 30, 2019	5.21	-	-	5.92
June 30, 2020	5.16	-	5.90	-
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
June 30, 2016	5.57	-	5.58	-
June 30, 2017	-	5.48	-	5.59
June 30, 2018	-	5.63	-	5.73
June 30, 2019	-	5.21	-	5.92
June 30, 2020	-	5.16	-	5.90
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2016	5.00	-	5.00	-
June 30, 2017	5.00	-	5.00	-
June 30, 2018	5.00	-	5.00	-
June 30, 2019	5.00	-	5.00	-
June 30, 2020	5.00	-	5.00	-
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59
June 30, 2018	5.63	5.63	5.73	5.73
June 30, 2019	5.21	5.21	5.92	5.92
June 30, 2020	5.16	5.16	5.90	5.90

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

Year Ending Dec 31,	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2021	\$ (1,001,926.00)	\$ (1,760,655.00)	\$ (2,762,581.00)
2022	(964,210.00)	(1,141,422.00)	(2,105,632.00)
2023	(566,432.00)	(417,983.00)	(984,415.00)
2024	(223,690.00)	(216,301.00)	(439,991.00)
2025	(46,271.00)	(145,760.00)	(192,031.00)
	<u>\$ (2,802,529.00)</u>	<u>\$ (3,682,121.00)</u>	<u>\$ (6,484,650.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases: ⁽¹⁾		
Through 2026	2.00% - 6.00%	
Thereafter	3.00% - 7.00%	
Through All Future Years		3.25% - 15.25%
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2014 - June 30, 2018	July 1, 2013 - June 30, 2018

⁽¹⁾ based on years of service

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)****Public Employees' Retirement System**

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

Police and Firemen's Retirement System

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

For both PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS' and PFRS' target asset allocation as of June 30, 2020 are summarized in the table on the following page.

Note 8: **PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	<u>100.00%</u>	

Discount Rate

Public Employees' Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of the June 30, 2020 measurement date based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers would be based on 78% of the actuarially determined contributions for the State and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

Police and Firemen's Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020 measurement date based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

Note 8: PENSION PLANS (CONT'D)**Sensitivity of City's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Public Employees' Retirement System (PERS) - The following presents the City's proportionate share of the net pension liability as of the June 30, 2020 measurement date, calculated using a discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's Proportionate Share of the Net Pension Liability	\$ 8,974,780.00	\$ 7,129,443.00	\$ 5,563,625.00

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the City's annual required contribution. As such, the net pension liability as of June 30, 2020, the Plan's measurement date, for the City and the State of New Jersey, calculated using a discount rate of 7.00%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's Proportionate Share of the Net Pension Liability	\$ 22,173,529.00	\$ 16,674,407.00	\$ 12,106,966.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the City	3,441,231.00	2,587,792.00	1,878,946.00
	<u>\$ 25,614,760.00</u>	<u>\$ 19,262,199.00</u>	<u>\$ 13,985,912.00</u>

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) expense, information about the respective fiduciary net position of the PERS and PFRS and additions to/deductions from PERS and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information**

In accordance with GASBS 68, the following information is also presented for the PERS and PFRS pension plans. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the City's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Eight Plan Years)

	Measurement Date Ended June 30,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Proportion of the Net Pension Liability	0.0437191088%	0.0445080272%	0.0445939774%	0.0470573402%
City's Proportionate Share of the Net Pension Liability	\$ 7,129,443.00	\$ 8,019,671.00	\$ 8,780,332.00	\$ 10,954,197.00
City's Covered Payroll (Plan Measurement Period)	\$ 3,166,148.00	\$ 3,157,752.00	\$ 3,136,828.00	\$ 6,812,684.00
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	225.18%	253.97%	279.91%	160.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%
	Measurement Date Ended June 30,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's Proportion of the Net Pension Liability	0.0476726485%	0.0450152010%	0.0453950203%	0.0420294074%
City's Proportionate Share of the Net Pension Liability	\$ 14,119,271.00	\$ 10,105,011.00	\$ 8,499,189.00	\$ 8,032,655.00
City's Covered Payroll (Plan Measurement Period)	\$ 3,255,632.00	\$ 3,135,224.00	\$ 3,166,288.00	\$ 2,793,580.00
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	433.69%	322.31%	268.43%	287.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the City's Contributions - Public Employees' Retirement System (PERS) (Last Eight Years)***

	Year Ended December 31,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Contractually Required Contribution	\$ 478,265.00	\$ 432,932.00	\$ 443,566.00	\$ 435,936.00
City's Contribution in Relation to the Contractually Required Contribution	<u>(478,265.00)</u>	<u>(432,932.00)</u>	<u>(443,566.00)</u>	<u>(435,936.00)</u>
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (Calendar Year)	\$ 3,463,661.00	\$ 3,139,127.00	\$ 3,130,108.00	\$ 3,167,194.00
City's Contributions as a Percentage of Covered Payroll	13.81%	13.79%	14.17%	13.76%
	Year Ended December 31,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's Contractually Required Contribution	\$ 423,517.00	\$ 387,010.00	\$ 374,230.00	\$ 316,683.00
City's Contribution in Relation to the Contractually Required Contribution	<u>(423,517.00)</u>	<u>(387,010.00)</u>	<u>(374,230.00)</u>	<u>(316,683.00)</u>
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (Calendar Year)	\$ 6,777,154.00	\$ 3,243,986.00	\$ 3,131,526.00	\$ 3,071,813.00
City's Contributions as a Percentage of Covered Payroll	6.25%	11.93%	11.95%	10.31%

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the City's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Eight Plan Years)***

	Measurement Date Ended June 30,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Proportion of the Net Pension Liability	0.1290457046%	0.1293029699%	0.1312327009%	0.1277907811%
City's Proportionate Share of the Net Pension Liability	\$ 16,674,407.00	\$ 15,823,863.00	\$ 17,757,948.00	\$ 19,728,426.00
State's Proportionate Share of the Net Pension Liability associated with the City	2,587,792.00	2,498,618.00	2,412,124.00	2,209,750.00
Total	<u>\$ 19,262,199.00</u>	<u>\$ 18,322,481.00</u>	<u>\$ 20,170,072.00</u>	<u>\$ 21,938,176.00</u>
City's Covered Payroll (Plan Measurement Period)	\$ 4,452,864.00	\$ 4,303,652.00	\$ 4,353,476.00	\$ 4,195,388.00
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	374.46%	367.68%	407.90%	470.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.52%	65.00%	62.48%	58.60%
	Measurement Date Ended June 30,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's Proportion of the Net Pension Liability	0.1355526769%	0.1372918547%	0.1237413458%	0.1200273727%
City's Proportionate Share of the Net Pension Liability	\$ 25,894,029.00	\$ 22,868,037.00	\$ 15,565,514.00	\$ 15,956,556.00
State's Proportionate Share of the Net Pension Liability associated with the City	2,174,456.00	2,005,450.00	1,676,144.00	1,487,345.00
Total	<u>\$ 28,068,485.00</u>	<u>\$ 24,873,487.00</u>	<u>\$ 17,241,658.00</u>	<u>\$ 17,443,901.00</u>
City's Covered Payroll (Plan Measurement Period)	\$ 4,299,392.00	\$ 3,135,224.00	\$ 3,908,352.00	\$ 3,690,696.00
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	602.27%	729.39%	398.26%	432.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.31%	62.41%	58.70%

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the City's Contributions - Police and Firemen's Retirement System (PFRS) (Last Eight Years)***

	Year Ended December 31,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Contractually Required Contribution	\$ 1,441,661.00	\$ 1,306,103.00	\$ 1,282,993.00	\$ 1,130,972.00
City's Contribution in Relation to the Contractually Required Contribution	<u>(1,441,661.00)</u>	<u>(1,306,103.00)</u>	<u>(1,282,993.00)</u>	<u>(1,130,972.00)</u>
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (Calendar Year)	\$ 5,023,726.00	\$ 4,476,238.00	\$ 4,367,690.00	\$ 4,349,934.00
City's Contributions as a Percentage of Covered Payroll	28.70%	29.18%	29.37%	26.00%
	Year Ended December 31,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's Contractually Required Contribution	\$ 1,105,216.00	\$ 1,115,978.00	\$ 950,419.00	\$ 875,693.00
City's Contribution in Relation to the Contractually Required Contribution	<u>(1,105,216.00)</u>	<u>(1,115,978.00)</u>	<u>(950,419.00)</u>	<u>(875,693.00)</u>
City's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (Calendar Year)	\$ 4,146,258.00	\$ 4,294,647.00	\$ 3,131,526.00	\$ 3,915,664.00
City's Contributions as a Percentage of Covered Payroll	26.66%	25.99%	30.35%	22.36%

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)****Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)*****Changes in Benefit Terms**

The June 30, 2020 measurement date included two changes to the plan provisions. Chapter 157, P.L. 2019 expanded the definition of regular or assigned duties for purposes of accidental disability. The Division of Pension and Benefits (DPB) also adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions.

Changes in Assumptions

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	3.98%
2019	6.28%	2015	4.90%
2018	5.66%	2014	5.39%
2017	5.00%		

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%
2017	7.00%		

The mortality assumption was updated upon direction from the DPB.

Police and Firemen's Retirement System (PFRS)**Changes in Benefit Terms**

None

Changes in Assumptions

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	5.55%
2019	6.85%	2015	5.79%
2018	6.51%	2014	6.32%
2017	6.14%		

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)****Other Notes to Supplementary Pension Information (Cont'd)*****Police and Firemen's Retirement System (PFRS) (Cont'd)*****Changes in Assumptions (Cont'd)**

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%
2017	7.00%		

The mortality assumption was updated upon direction from the DPB.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**STATE HEALTH BENEFITS POSTEMPLOYMENT BENEFIT PLAN**

In May of 2021, the New Jersey Division of Local Government Services issued Local Finance Notice 2021-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension's reporting on GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. As of the date of this report, the information for the measurement period ended June 30, 2020 was not available; therefore, the information from the measurement period June 30, 2019 is disclosed below.

General Information about the OPEB Plan

Plan Description and Benefits Provided - The City does not provide postemployment benefits to its retirees, however, the State of New Jersey (the "State") provides these benefits to certain City retirees and their dependents under a special funding situation as described below.

The State of New Jersey, on-behalf of the City, contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**STATE HEALTH BENEFITS POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****General Information about the OPEB Plan (Cont'd)**

Plan Description and Benefits Provided (Cont'd) - The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Contributions - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

Special Funding Situation Component - The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1997, as disclosed below. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis. Partially funded benefits are also available to local police officers and firefighters who retire with 25 years of service or on disability from an employer who does not provide coverage under the provisions of Chapter 330, P.L. 1997. Upon retirement, these individuals must enroll in the OPEB plan.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**STATE HEALTH BENEFITS POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****General Information about the OPEB Plan (Cont'd)****Contributions (Cont'd)**

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80% of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, the City is considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the City does not contribute under this legislation directly to the Plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the City is required disclose:

- a) the State's proportion (percentage) of the collective net OPEB liability that is associated with the City,
- b) the State's proportionate share of the collective net OPEB liability that is associated with the City, and
- c) the State's proportionate share of the OPEB (benefit) expense that is associated with the City.

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the City, is not known, however, under the Special Funding Situation, the State's OPEB (benefit) expense, on-behalf of the City, is \$127,758.00 for the year ended December 31, 2019 representing 2.85% of the City's covered payroll.

OPEB Liability and OPEB (Benefit) Expense

OPEB Liability - At December 31, 2019 the State's proportionate Share of the Net OPEB liability associated with the City is \$9,638,290.00. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

The State's proportion of the net OPEB liability, on-behalf of the City, was based on the ratio of the plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2018 through June 30, 2019. For the June 30, 2019 measurement date, the State's proportion on-behalf of the City was .174426% which was a decrease of .005050% from its proportion measured as of the June 30, 2018 measurement date.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**STATE HEALTH BENEFITS POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****OPEB Liability and OPEB (Benefit) Expense (Cont'd)**

OPEB (Benefit) Expense - At December 31, 2019, the State's proportionate share of the OPEB (benefit) expense, associated with the City, calculated by the Plan as of the June 30, 2019 measurement date, is \$127,758.00. This on-behalf (benefit) expense is not recognized by the City because of the regulatory basis of accounting as described in note 1.

Actuarial Assumptions

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2019 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
PERS:	
Not Applicable Under Special Funding Situation	
PFRS:	
Rate for all Years	3.25% to 15.25%

* Salary Increases are Based on Years of Service
Within the Respective Plan

PFRS mortality rates were based on Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS experience study prepared for July 1, 2013 to June 30, 2018.

100% of active members are considered to participate in the Plan upon retirement.

All of the Plan's investments are in the State of New Jersey Cash Management Fund ("CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. The CMF invests in U.S. Government and Agency Obligations, Commercial Paper, Corporate Obligations and Certificates of Deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) are the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pay interest to participants on a monthly basis.

Discount Rate - The discount rate used to measure the OPEB Liability at June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**STATE HEALTH BENEFITS POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Actuarial Assumptions (Cont'd)**

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Sensitivity of the net OPEB Liability to Changes in the Discount Rate

As previously mentioned, the OPEB Plan has a special funding situation where the State of New Jersey pays the City's contributions for certain eligible employees. As such, the proportionate share of the net OPEB liability as of June 30, 2019, the Plan's measurement date, calculated using a discount rate of 3.50%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the City	<u>\$ 11,144,315.00</u>	<u>\$ 9,638,290.00</u>	<u>\$ 8,414,446.00</u>

Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The net OPEB Liability as of June 30, 2019, the Plan's measurement date, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the City	<u>\$ 8,133,529.00</u>	<u>\$ 9,638,290.00</u>	<u>\$ 11,557,866.00</u>

OPEB Plan Fiduciary Net Position

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB (benefit) expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about the Plan, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**STATE HEALTH BENEFITS POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Supplementary OPEB Information**

In accordance with GASB No. 75, the following information is also presented for the State Health Benefits Local Government Retired Employees Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the State's Proportionate Share of the net OPEB Liability Associated with the City (Last Three Plan Years)

	Measurement Date Ended June 30,		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Proportion of the Net OPEB Liability	0.000000%	0.000000%	0.000000%
State's Proportion of the Net OPEB Liability Associated with the City	100.000000%	100.000000%	100.000000%
	<u>100.000000%</u>	<u>100.000000%</u>	<u>100.000000%</u>
City's Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the City	9,638,290.00	11,152,360.00	15,931,997.00
Total	<u>\$ 9,638,290.00</u>	<u>\$ 11,152,360.00</u>	<u>\$ 15,931,997.00</u>
City's Covered Payroll (Plan Measurement Period)	\$ 4,457,024.00	\$ 4,315,772.00	\$ 4,218,315.00
City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	216.249%	258.409%	377.686%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.97%	1.03%

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**STATE HEALTH BENEFITS POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Supplementary OPEB Information (Cont'd)*****Schedule of the State's Contributions Associated with the City (Last Three Years)***

The amount of actual contributions that the State made on-behalf of the City is not known.

Other Notes to Supplementary OPEB Information**Changes in Benefit Terms**

In 2019, there were slight changes to the Chapter 48 provisions.

Changes in Assumptions

In 2019, the discount rate changed to 3.50% from 3.87%, and there were changes in the assumed health care cost trend, PPO/HMO future retiree elections, and excise tax assumptions. Further, decrements, salary scale, and mortality assumptions were updated based on the July 1, 2013 - June 30, 2018 PFRS experience study. For mortality related to PFRS members and retirees, the Pub-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019 was used.

In 2018, the discount rate changed to 3.87% from 3.58%, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions.

In 2017, the discount rate changed to 3.58% from 2.85%.

CITY OF GLOUCESTER POSTEMPLOYMENT BENEFIT PLAN

Plan Description and Benefits Provided - The City provides postretirement health care benefits through a health plan for retirees, which includes a medical, dental, and prescription plan. The City's provides a single employer post-employment healthcare plan, which is not administered through a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, and covers the following retiree population: eligible retirees who retire from active employment with the City under various classifications and who have at least twenty five (25) years of service with the City. Coverage is provided for the retirees and their spouse up to age sixty-five, providing the retirees annually certify that they have no other medical coverage. This provision is part of a labor agreement between the City and the I.A.F.F. Locals 3198 and 2663. The Plan is administered by the City; therefore, premium payments are made directly to the insurance carriers. Reimbursements by the retirees are paid in monthly installments after the City provides the retirees with a detailed accounting of the costs.

Employees Covered by Benefit Terms - As of December 31, 2020, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

	<u>December 31, 2020</u>
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	85
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	
Active Employees	93
	<u>178</u>

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**CITY OF GLOUCESTER POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Total OPEB Liability**

The City's total OPEB liability of \$60,366,293.00 was measured as of December 31, 2020 and was determined by an actuarial valuation as of this same date.

Actuarial Assumptions and Other Inputs - The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% Annually
Salary Increases	2.50% Annually
Discount Rate	2.74% as of December 31, 2019 2.12% as of December 31, 2020
Healthcare Cost Trend Rates	5.6% in 2020 Reducing by 0.1% per annum, leveling at 5% per annum in 2026
Drug	9.0% in 2020 Reducing by 0.5% per annum to 2022 and 1.0% per annum thereafter, leveling at 5% per annum in 2026
Dental	3.5% per annum
Retirees' Share of Benefit-Related Costs	Retiree's who retired before the passage of Chapter 78 or those employees who had 25 years of service on the date of passage are grandfathered. All others are subject to contribution rates in effect when they retired, but not less than 1.5% of their annual retirement allowance from PERS.

The discount rates were based on the Bond Buyer 20 Index.

Mortality rates were based on the RP-2000 Combined Healthy Male Mortality Rates Set Forward One Year and Adjusted for General Improvement.

An experience study was not performed on the actuarial assumptions used in the December 31, 2020 valuation since the Plan had insufficient data to produce a study with credible results. Mortality rates, termination rates and retirement rates were based on standard tables issued by Society of Actuaries. The actuary has used their professional judgement in applying these assumptions to this Plan.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**CITY OF GLOUCESTER POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Changes in Total OPEB Liability**

	<u>December 31, 2020</u>
Balance at Beginning of Year	\$ 55,589,602.00
Changes for the Year:	
Service Cost	\$ 769,183.00
Interest Cost	1,526,946.00
Benefit Payments	(1,261,701.00)
Actuarial Assumption Changes	3,742,263.00
Difference between expected and actual experience	<u>-</u>
Net Changes	<u>4,776,691.00</u>
Balance at End of Year	<u><u>\$ 60,366,293.00</u></u>

Changes of benefit terms reflect no increase in the retirees' share of health insurance premiums.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.74% at December 31, 2019 to 2.12% at December 31, 2020.

Sensitivity of Total OPEB Liability to Changes in Discount Rate - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated for using a discount rate that is 1-percentage -point lower or 1-percentage-point higher than the current discount rate:

	<u>December 31, 2020</u>		
	1.00% Decrease (1.12%)	Current Discount Rate (2.12%)	1.00% Increase (3.12%)
Total OPEB Liability	<u>\$66,135,347.00</u>	<u>\$60,366,293.00</u>	<u>\$ 55,705,713.00</u>

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**CITY OF GLOUCESTER POSTEMPLOYMENT BENEFIT PLAN (CONT'D)**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	December 31, 2020		
	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
Total OPEB Liability	<u>\$54,808,599.00</u>	<u>\$60,366,293.00</u>	<u>\$67,194,182.00</u>

OPEB (Benefit) Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended December 31, 2020, the City recognized OPEB (benefit) expense of \$2,908,913.00. As of December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions or Other Inputs	\$ 8,959,132.00	\$ -
Difference between expected and actual experience	<u>-</u>	<u>-</u>
	<u>\$ 8,959,132.00</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB (benefit) expense as follows:

<u>Year Ending December 31,</u>	
2021	\$ 612,784.00
2022	612,784.00
2023	612,784.00
2024	612,784.00
2025	612,784.00
Thereafter	<u>5,895,212.00</u>
	<u>\$8,959,132.00</u>

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**CITY OF GLOUCESTER POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Supplementary OPEB Information**

In accordance with GASB No. 75, the following information is also presented for the City's OPEB Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of Changes in the City's Total OPEB Liability and Related Ratios (Last Three Years)

	Plan Measurement Date December 31,		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 769,183.00	\$ 577,890.00	\$ 577,890.00
Interest Cost	1,526,946.00	1,971,033.00	1,919,825.00
Benefit Payments	(1,261,701.00)	(1,335,648.00)	(1,161,840.00)
Actuarial Assumption Changes	3,742,263.00	6,212,427.00	-
Differences Between Expected and Actual Experience	-	-	-
Net Change in Total OPEB Liability	4,776,691.00	7,425,702.00	1,335,875.00
Total OPEB Liability - Beginning of Fiscal Year	55,589,602.00	48,163,900.00	46,828,025.00
Total OPEB Liability - End of Fiscal Year	<u>\$ 60,366,293.00</u>	<u>\$ 55,589,602.00</u>	<u>\$ 48,163,900.00</u>
Covered-Employee Payroll	\$ 6,603,000.00	\$ 6,603,139.27	\$ 6,426,000.00
Total OPEB Liability as a Percentage of Covered-Employee Payroll	914.23%	841.87%	749.52%

Other Notes to Supplementary OPEB Information**Changes in Benefit Terms**

None

Changes in Assumptions

The discount rate changed from 2.74% as of December 31, 2019 to 2.12% as of December 31, 2020.

Note 10: COMPENSATED ABSENCES

The City permits employees to carry over vacations days from year to year. Additionally, union contracts and personnel policy allows employees to accrue unused sick days. Compensated absence packages differ according to the various union contracts.

The City does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2020, accrued benefits for compensated absences are valued at \$2,111,013.32.

Note 11: DEFERRED COMPENSATION SALARY ACCOUNT

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the City or its creditors. Since the City does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the City's financial statements.

Note 12: LEASE OBLIGATIONS

At December 31, 2020, the City had lease agreements in effect for the following:

Capital:
 Equipment and Vehicles:
 Five (5) Vehicles

Operating:
 Equipment:
 Two (2) Photocopiers
 Mail Machine

Capital Leases - The following is an analysis of the City's capital leases:

<u>Description</u>	<u>Balance at December 31,</u>	
	<u>2020</u>	<u>2019</u>
Vehicles	\$ 53,488.06	\$ 103,992.01

The following schedule represents the remaining principal and interest payments, through maturity, for capital leases:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 53,488.06	\$ 3,159.94	\$ 56,648.00

Operating Leases - Future minimum lease payments under operating lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 5,832.96
2022	5,832.96
2023	5,832.96

Rental payments under operating leases for the year 2020 were \$5,832.96.

Note 13: CAPITAL DEBT**General Improvement Bonds**

General Improvement Bonds, Series 2011 – On August 31, 2011, the City issued \$4,140,000.00 of general improvement bonds, with interest rates ranging from 2.00% to 2.75%. The bonds were issued for the purpose of funding various capital projects in the City. The final maturity of the bonds is September 1, 2021.

General Improvement Bonds, Series 2018 – On April 11, 2018, the City issued \$2,708,000.00 of general improvement bonds, with interest rates ranging from 3.00% to 3.125%. The bonds were issued for the purpose of funding various capital projects in the City. The final maturity of the bonds is February 15, 2030.

Taxable General Improvement Bonds, Series 2018 – On April 11, 2018, the City issued \$4,590,000.00 of taxable general improvement bonds, with interest rates ranging from 4.00% to 4.25%. The bonds were issued for the purpose of funding various capital projects in the City. The final maturity of the bonds is February 15, 2043.

The following schedule represents the remaining debt service, through maturity, for the general improvement bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 805,000.00	\$ 258,350.02	\$ 1,063,350.02
2022	340,000.00	233,912.52	573,912.52
2023	350,000.00	222,212.52	572,212.52
2024	360,000.00	210,187.52	570,187.52
2025	370,000.00	197,671.89	567,671.89
2026-2030	2,050,000.00	780,687.57	2,830,687.57
2031-2035	945,000.00	501,609.39	1,446,609.39
2036-2040	1,135,000.00	286,225.00	1,421,225.00
2041-2043	765,000.00	48,768.75	813,768.75
Totals	<u>\$ 7,120,000.00</u>	<u>\$ 2,739,625.18</u>	<u>\$ 9,859,625.18</u>

General Debt - New Jersey Green Acres and Demolition Loans

On April 19, 2002, the City entered into a loan agreement with the New Jersey Department of Environmental Protection to provide \$250,000.00, at an interest rate of 2.0%. The proceeds were used to fund improvements to Johnson Boulevard recreation complex. Semiannual debt payments are due January 24th and July 24th through 2022.

On January 19, 2005, the City entered into a second loan agreement with the New Jersey Department of Environmental Protection to provide \$1,250,000.00, at an interest rate of 2.0%. The proceeds were used to fund the Riverfront Park Project. Semiannual debt payments are due April 24th and October 24th through 2022.

On December 19, 2007, the City entered into a third loan agreement with the New Jersey Department of Environmental Protection to provide \$450,000.00, at an interest rate of 2.0%. The proceeds were used to fund the completion of the Riverfront Park Project. Semiannual debt payments are due March 21st and September 21st through 2024.

Note 13: CAPITAL DEBT (CONT'D)**General Debt - New Jersey Green Acres and Demolition Loans (Cont'd)**

On September 10, 2012, the City entered into a fourth loan agreement with the New Jersey Department of Environmental Protection to provide \$170,000.00, at an interest rate of 2.0%. The proceeds were used to fund the construction of a walkway at Freedom Pier. Semiannual debt payments are due June 13th and December 13th through 2031.

On October 15, 2018, the City entered into an agreement with the New Jersey Department of Community Affairs to provide \$856,329.53 at an interest rate of 1.0%. The proceeds were used to fund the demolition of various structures. Annual debt payments are due October 13th through 2032.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Green Acres and Demolition loans:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 195,734.89	\$ 7,523.96	\$ 203,258.85
2022	147,199.05	4,736.34	151,935.39
2023	97,175.60	3,437.52	100,613.12
2024	97,982.19	2,630.95	100,613.14
2025	66,489.49	1,968.95	68,458.44
2026-2030	335,371.53	6,920.63	342,292.16
2031-2032	<u>124,734.74</u>	<u>1,383.17</u>	<u>126,117.91</u>
Totals	<u>\$ 1,064,687.47</u>	<u>\$ 28,601.52</u>	<u>\$ 1,093,288.99</u>

Water and Sewer Utility Debt – Serial Bonds

Water and Sewer Utility Bonds, Series 2011 - On August 31, 2011, the City issued \$2,935,000.00 of water and sewer utility bonds, with interest rates ranging from 2.00% to 2.75%. The bonds were issued for the purpose of funding various water and sewer utility improvements. The final maturity of the bonds is March 1, 2021.

Water and Sewer Utility Bonds, Series 2018 – On April 11, 2018, the City issued \$904,000.00 of water and sewer utility bonds, with interest rates ranging from 3.00% to 3.50%. The bonds were issued for the purpose of funding various water and sewer utility improvements. The final maturity of the bonds is February 15, 2039.

Note 13: CAPITAL DEBT (CONT'D)**Water and Sewer Utility Debt – Serial Bonds (Cont'd)**

The following schedule represents the remaining debt service, through maturity, for the Water and Sewer Utility serial bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 380,000.00	\$ 35,831.26	\$ 415,831.26
2022	35,000.00	25,231.26	60,231.26
2023	35,000.00	24,181.26	59,181.26
2024	35,000.00	23,131.26	58,131.26
2025	35,000.00	22,059.38	57,059.38
2026-2030	200,000.00	92,562.54	292,562.54
2031-2035	240,000.00	58,000.01	298,000.01
2036-2039	230,000.00	15,987.50	245,987.50
Totals	<u>\$ 1,190,000.00</u>	<u>\$ 296,984.47</u>	<u>\$ 1,486,984.47</u>

Water and Sewer Utility Debt – New Jersey Environmental Infrastructure Loans

On October 13, 2001, the City entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$678,128.00, at no interest, from the fund loan, and \$645,000.00 at interest rates ranging from 4.0% to 5.5% from the trust loan. The proceeds were used to fund the upgrading of various water and sewer mains. Semiannual debt payments are due February 1st and August 1st through 2021.

On October 15, 2002, the City entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$274,572.00, at no interest, from the fund loan, and \$275,000.00 at interest rates ranging from 3.00% to 5.25% from the trust loan. The proceeds were used to fund the upgrading of various water and sewer mains. Semiannual debt payments are due February 1st and August 1st through 2022.

On November 6, 2008, the City entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$4,562,738.00, at no interest, from the fund loan, and \$4,765,000.00 at interest rates ranging from 5.0% to 5.5% from the trust loan. The proceeds were used to fund the replacement of the City's water treatment plant. Semiannual debt payments are due February 1st and August 1st through 2028.

On May 21, 2014, the City entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$901,614.00, at no interest, from the fund loan, and \$295,000.00 at interest rates ranging from 3.0% to 5.0% from the trust loan. The proceeds were used to fund the removal and replacement of water mains and automatic water meter reading system. Semiannual debt payments are due February 1st and August 1st through 2033.

In addition, on May 21, 2014, the City entered into a second loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$1,005,218.00 with principal forgiveness of \$670,415.00 leaving a remaining balance of \$335,073.00, at no interest, from the fund loan, and \$330,000.00 at interest rates ranging from 3.0% to 5.0% from the trust loan. The proceeds were used to fund the removal and replacement of sanitary sewer main systems. Semiannual debt payments are due February 1st and August 1st through 2033.

Note 13: CAPITAL DEBT (CONT'D)**Water and Sewer Utility Debt – New Jersey Environmental Infrastructure Loans (Cont'd)**

On May 26, 2016, the City entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$338,377.00, at no interest, from the fund loan, and \$110,000.00 at interest rates ranging from 2.0% to 5.0% from the trust loan. The proceeds were used to fund the removal and replacement of water mains. Semiannual debt payments are due February 1st and August 1st through 2035.

In addition, on May 26, 2016, the City entered into a second loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$452,626.00, at no interest, from the fund loan, and \$145,000.00 at interest rates ranging from 2.0% to 5.0% from the trust loan. The proceeds were used to fund the removal and replacement of sanitary sewer main systems. Semiannual debt payments are due February 1st and August 1st through 2035.

On November 21, 2017, the City entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$164,784.00 at no interest, from the fund loan, and \$55,000.00 at interest rates ranging from 2.125% to 5.000% from the trust loan. The proceeds were used to fund the removal and/or replacement of water mains and the looping of said water mains to Freedom Pier. Semiannual debt payments are due February 1st and August 1st through 2029.

In addition, on November 21, 2017, the City entered into a second loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$136,874.00 at no interest, from the fund loan, and \$45,000.00 at interest rates ranging from 2.125% to 5.000% from the trust loan. The proceeds were used to fund the removal and/or replacement of sanitary sewer mains and relate appurtenances at Freedom Pier. Semiannual debt payments are due February 1st and August 1st through 2027.

On May 23, 2019, the City entered into a loan agreement with the New Jersey Infrastructure Bank to provide \$660,270.00 at no interest, from the fund loan, and \$215,000.00 at interest rates ranging from 2.000% to 5.000% from the trust loan. The proceeds were used to fund the removal and/or replacement of water meters. Semiannual debt payments are due February 1st and August 1st through 2038.

In addition, on May 23, 2019, the City entered into a second loan agreement with the New Jersey Infrastructure Bank to provide \$399,019.00 at no interest, from the fund loan, and \$135,000.00 at interest rates ranging from 2.00% to 5.00% from the trust loan. The proceeds were used to fund the various improvements to sanitary sewer system. Semiannual debt payments are due February 1st and August 1st through 2038.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Environmental Infrastructure loans:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 831,790.55	\$ 153,289.60	\$ 985,080.15
2022	775,347.36	134,980.57	910,327.93
2023	754,688.11	118,157.54	872,845.65
2024	756,074.37	101,657.54	857,731.91
2025	782,501.61	84,657.54	867,159.15
2026-2030	2,874,427.64	179,337.68	3,053,765.32
2031-2035	706,672.92	37,912.54	744,585.46
2036-2038	236,586.83	4,500.00	241,086.83
Totals	<u>\$ 7,718,089.39</u>	<u>\$ 814,493.01</u>	<u>\$ 8,532,582.40</u>

Note 13: CAPITAL DEBT (CONT'D)

The following schedule represents the City's summary of debt for the current and two previous years:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 10,931,137.47	\$ 10,162,089.68	\$ 11,173,072.57
Water & Sewer Utility:			
Bonds, Loans and Notes	12,134,406.39	10,104,475.01	11,348,128.45
Total Issued	23,065,543.86	20,266,564.69	22,521,201.02
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes	2,752,193.74	4,060,343.74	2,572,193.74
Water & Sewer Utility:			
Bonds, Loans and Notes	1,372,797.68	4,133,201.26	3,104,890.70
Total Authorized but not Issued	4,124,991.42	8,193,545.00	5,677,084.44
Total Issued and Authorized but not Issued	27,190,535.28	28,460,109.69	28,198,285.46
<u>Deductions</u>			
General:			
Excess Proceeds from Issuance of Notes	154,426.02	154,426.02	7,083.39
Water & Sewer Utility:			
Self-Liquidating	13,507,204.07	14,207,887.71	14,453,019.15
Total Deductions	13,661,630.09	14,362,313.73	14,460,102.54
<u>Net Debt</u>	<u>\$ 13,528,905.19</u>	<u>\$ 14,097,795.96</u>	<u>\$ 13,738,182.92</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 2.516%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 2,975,000.00	\$ 2,975,000.00	
Self-Liquidating	13,507,204.07	13,507,204.07	
General	13,683,331.21	154,426.02	\$ 13,528,905.19
	<u>\$ 30,165,535.28</u>	<u>\$ 16,636,630.09</u>	<u>\$ 13,528,905.19</u>

Net debt \$13,528,905.19 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$537,815,444.00, equals 2.516%.

Note 13: CAPITAL DEBT (CONT'D)**Borrowing Power Under N.J.S.A. 40A:2-6 as Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	\$	18,823,540.54
Less: Net Debt		<u>13,528,905.19</u>
Remaining Borrowing Power	\$	<u>5,294,635.35</u>

Calculation of "Self-Liquidating Purpose," Water & Sewer Utility Per N.J.S.A. 40:2-45

Cash Receipts from Fees, Rents, Fund Balance		
Anticipated, Interest and Other Investment		
Income, and Other Charges for the Year	\$	5,070,309.49
Deductions:		
Operating and Maintenance Costs	\$	3,310,318.00
Debt Service		<u>1,385,505.38</u>
Total Deductions		<u>4,695,823.38</u>
Excess in Revenue	\$	<u>374,486.11</u>

A revised Annual Debt Statement should be filed by the Chief Financial Officer.

Note 14: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

New Jersey Unemployment Compensation Insurance - The City has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the City is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The City is billed quarterly for amounts due to the State.

The following is a summary of City contributions, reimbursements to the State for benefits paid and the ending balance of the City's trust fund for the current and previous two years:

<u>Year</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020	\$ 13,625.60	\$ 19.93	\$ 27,897.25	\$ 1,620.94
2019	12,638.39	205.48	22,745.18	15,872.66
2018	21,987.65	265.25	46,390.57	25,773.97

Note 14: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool - The City of Gloucester City is a member of the Camden County Municipal Insurance Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation including Employer's Liability
 General Liability including Police Professional and Employee Benefit Liability
 Automobile Liability
 Blanket Crime including Public Employee Dishonesty
 Property Including Boiler and Machinery
 Public Officials and Employment Practices Liability
 Volunteer Directors and Officers Liability
 Cyber Liability

The following coverages are provided to the Fund's member local units by their membership in the Municipal Excess Liability Joint Insurance Fund (MEL):

Excess Workers' Compensation
 Excess General Liability
 Non-Owned Aircraft Liability
 Excess Auto Liability
 Fidelity and Performance (Blanket)
 Excess Property including Boiler and Machinery
 Crime including Excess Public Employee and Public Official Coverage

Environmental Impairment Liability coverage is provided to the Fund's member local units by the Fund's membership in the New Jersey Municipal Environmental Risk Management Fund.

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The City's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund, which is an insurance pool formed by all the other joint insurance funds.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended December 31, 2020, which can be obtained from:

Camden County Municipal Joint Insurance Fund
 PERMA, Inc.
 Park 80 West – Plaza One
 Saddle Brook, New Jersey 07662

Liability Insurance - The City maintains commercial insurance coverage for various other types of risk.

Note 15: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amount, if any, to be immaterial.

Litigation - The City is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the City, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 16: CONCENTRATIONS

The City depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 17: SUBSEQUENT EVENTS

COVID-19 - As a result of the spread of the COVID-19 coronavirus in New Jersey, economic uncertainties have arisen which could negatively impact the financial position of the City. While the impact that COVID-19 will have is expected to be temporary, as of the date of the financial statements, the related financial impact and duration cannot be reasonably estimated.

The Federal American Rescue Plan Act of 2021 (the Act), was signed into law on March 11, 2021, was enacted to provide funding for COVID-19 pandemic response and recovery. Among the key elements of the Act is the Coronavirus Local Fiscal Recovery Fund (LFRF). All municipalities and counties will receive LFRF funds in two tranches, with the federal government releasing the second tranche next year. Municipalities and counties with populations greater than 50,000 will receive funds directly from the Federal government. Those municipalities and counties with populations less than 50,000 will receive their funds through their respective State. Since the City of Gloucester's population is less than 50,000, LFRF funds will be passed through the State of New Jersey.

The City has been allocated \$1,174,276.51 in LFRF funding with half of it received in August 2021 and the other half before December 31, 2022.

The United States Department of Treasury (U.S. Treasury) has issued an Interim Final Rule regulating county and municipal use of LFRF funds. Permitted use of LFRF funds for municipalities and counties may be for the one or more of the following purposes:

- Replacing lost public sector revenue
- Investing in water, sewer, and broadband infrastructure
- Providing premium pay for essential workers
- Supporting public health expenditures
- Addressing COVID-19 related negative economic impacts
- Addressing the disproportionate public health and economic impacts of the crisis on the hardest-hit communities, populations, and households

For expenditures outside of revenue replacement to be LFRF-eligible under the U.S. Treasury Interim Final Rule, costs must be incurred on or after March 3, 2021 but must be obligated no later than December 31, 2024. The "period of performance" will run until December 31, 2026 to allow recipients a reasonable amount of time to complete LFRF-funded projects.

APPENDIX C

FORM OF BOND COUNSEL OPINION



PARKER McCAY

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November __, 2021

Mayor and Common Council
of the City of Gloucester City
512 Monmouth Street
Gloucester City, New Jersey

**RE: \$10,226,000 CITY OF GLOUCESTER CITY, COUNTY OF CAMDEN,
NEW JERSEY, GENERAL OBLIGATION BONDS, SERIES 2021**

Ladies and Gentlemen:

We have served as Bond Counsel to the City of Gloucester City, County of Camden, New Jersey ("City"), in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Bonds"). The Bonds consist of: (i) \$4,693,000 aggregate principal amount of General Improvement Bonds; and (ii) \$5,533,000 aggregate principal amount of Water/Sewer Utility Bonds.

The Bonds are authorized pursuant to and in accordance with: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) the bond ordinances set forth in the Resolution (hereinafter defined), each duly and finally adopted by the Mayor and Common Council and published in accordance with the Local Bond Law (collectively, the "Bond Ordinances"); (iii) a resolution adopted by the Mayor and Common Council on October 21, 2021 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the City on October __, 2021 ("Award Certificate").

The Bonds are dated their date of delivery, mature on July 15 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the interest rates per annum in the table below, payable semi-annually on January 15 and July 15, commencing January 15, 2022, in each year until maturity or earlier redemption.

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COUNSEL WHEN IT MATTERS.SM

Mount Laurel, New Jersey | Hamilton, New Jersey | Atlantic City, New Jersey | Camden, New Jersey



<u>Year</u>	<u>General Improvement Bonds</u>	<u>Water/Sewer Utility Bonds</u>	<u>Total Principal Amount</u>	<u>Interest Rate</u>
2022	\$398,000	\$233,000	\$631,000	%
2023	400,000	240,000	640,000	
2024	405,000	240,000	645,000	
2025	410,000	245,000	655,000	
2026	420,000	250,000	670,000	
2027	425,000	250,000	675,000	
2028	430,000	255,000	685,000	
2029	440,000	260,000	700,000	
2030	445,000	265,000	710,000	
2031	455,000	270,000	725,000	
2032	465,000	275,000	740,000	
2033		280,000	280,000	
2034		285,000	285,000	
2035		290,000	290,000	
2036		300,000	300,000	
2037		305,000	305,000	
2038		310,000	310,000	
2039		320,000	320,000	
2040		325,000	325,000	
2041		335,000	335,000	

The Bonds are issued in fully registered book-entry-only form without coupons, and are subject to redemption prior to maturity on the terms and conditions stated therein.

The Bonds are being issued to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and the acquisition of various capital equipment in and for the City; (ii) permanently finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the City; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

As the basis for the opinions set forth below, we have examined such matters of law as we have deemed necessary including, *inter alia*, the Constitution of the State of New Jersey, the Internal Revenue Code of 1986, as amended ("Code"), and the Local Bond Law. We have also examined such documents, certifications and instruments as we have deemed necessary including, without limitation, the Bond Ordinances, the Resolution, the Award Certificate, the representations and covenants of the City given pursuant to the Code as set forth in the Certificate as to Nonarbitrage and other Tax Matters ("Nonarbitrage Certificate"), and the other certifications, opinions and instruments listed in the closing agenda prepared in connection with the settlement for the Bonds.

In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, instruments, certifications and opinions examined including, without limiting the generality of the foregoing, the Nonarbitrage Certificate.



Based upon and subject to the foregoing, we are of the following opinion:

1. The Bonds are legal, valid and binding obligations of the City enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").

2. For the payment of principal and interest on the Bonds, the City has the power and is obligated, to the extent payment is not otherwise provided, to levy *ad valorem* taxes upon all taxable real property within the City without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations.

3. Interest on the Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax will be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering this opinion, we have assumed continuing compliance by the City that it will comply with the applicable requirements of the Code, including requirements relating to, *inter alia*, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the City to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that affect the tax-exempt status of the interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Bonds is included in determining the



modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The City has *not* designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Owners of the Bonds should consult their own tax advisers as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

4. Interest on the Bonds and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof.

We express no opinion as to any matter not set forth in the numbered paragraphs above including, without limitation, any financial or other information which has been or may be supplied to purchasers of the Bonds.

The opinions expressed in the numbered paragraphs above are being rendered on the basis of federal law and the laws of the State of New Jersey, as presently enacted and construed, and we assume no responsibility to advise any party as to any changes in law or fact subsequent to the date hereof.

This is only an opinion letter and not a warranty or guaranty of the matters discussed above.

This letter is being provided solely for the benefit of the City and may not be relied upon by any other person, party, firm or organization without our prior written consent.

Very truly yours,

PARKER MCCAY P.A.

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this ___th day of November, 2021, between the City of Gloucester City, County of Camden, New Jersey ("City") and the Dissemination Agent (hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the City of its General Obligation Bonds, Series 2021, in the principal amount of \$10,226,000 ("Bonds"). The Bonds consist of: (i) \$4,693,000 aggregate principal amount of General Improvement Bonds; and (ii) \$5,533,000 aggregate principal amount of Water/Sewer Utility Bonds.

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered for the benefit of the holders and beneficial owners of the Bonds (collectively, the "Bondholders") and in compliance with the provisions of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission ("Commission") pursuant to the Securities Exchange Act of 1934, as it may be amended from time to time, including administrative or judicial interpretations thereof, as it applies to the Bonds ("Rule").

SECTION 2. Definitions. Capitalized terms, not otherwise defined herein, shall, for purposes of this Disclosure Agreement, have the following meanings:

"Annual Report" shall mean, the City's Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Commission" shall have the meaning set forth in Section 1 of this Disclosure Agreement

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which the City or the Dissemination Agent is authorized by law or contract to remain closed.

"Continuing Disclosure Information" shall mean: (i) the Annual Report; (ii) any notice required to be filed with the National Repository pursuant to Section 5 hereof; and (iii) any notice of an event required to be filed with the National Repository pursuant to Section 3(c) hereof.

"Dissemination Agent" shall mean Acacia Financial Group, Inc., Mount Laurel, New Jersey, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access System, an internet based filing system created and maintained by the MSRB in accordance with Release No. 34-59062 of the Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt bonds, including the Bonds, and other filers on behalf of such issuers shall upload Continuing Disclosure Information to assist underwriters in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"National Repository" shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the Commission as a repository for purposes of the Rule.

"Official Statement" shall mean the Official Statement of the City, dated November __, 2021, relating to the Bonds.

"Opinion of Counsel" shall mean a written opinion of counsel expert in federal securities law acceptable to the City.

"Rule" shall have the meaning set forth in Section 1 of this Disclosure Agreement.

SECTION 3. Provision of Annual Report.

(a) The City shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the City's reporting obligations under this Disclosure Agreement pursuant to the provisions of Section 6 hereof provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the City (commencing for the fiscal year ending December 31, 2020). Each Annual Report provided to the Dissemination Agent by the City shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission.

(b) The Dissemination Agent, promptly (within fifteen (15) Business Days) after receiving the Annual Report from the City, shall submit each Annual Report received by it to the National Repository and thereafter shall file a written report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Agreement to the National Repository and stating the date it was provided to the National Repository.

(c) If the City fails to provide the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the City advising of such failure. Whether or not such notice is given or received, if the City thereafter fails to submit the Annual Report to the Dissemination Agent within fifteen (15) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice (with a copy of said notice to the City) to the National Repository in substantially the form attached as EXHIBIT "A" hereto.

SECTION 4. Contents of Annual Report. Annual Report shall mean: (i) the City's annual financial statements, substantially in the form set forth in Appendix B to the Official Statement, audited by an independent certified public accountant, provided that the annual audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required in Section 3(a) hereof for the filing of the Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the City are included in the Annual Report; and (ii) certain financial information and operating data of the City consisting of City indebtedness, property valuation information, and tax rate, levy and collection data. Each annual audited financial statements will conform to generally accepted accounting principles applicable to governmental units or will be prepared in accordance with the standards of the Governmental Accounting Standards Board and requirements of the Division of Local Government Services in the New Jersey Department of Community Affairs as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statements.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following listed events ("Listed Events"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) Bond calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation¹ of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) The City shall within seven (7) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of a Listed Event specified clauses (2), (7), (8), (10), (13), (14) or (15) of subsection (a) of this Section 5, the City may, but shall not be required to, rely conclusively on an Opinion of Counsel.

(c) If the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the National

¹ The term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

Repository within three (3) Business Days of the receipt of such instruction, with a copy of such notice provided by the Dissemination Agent to the City.

SECTION 6. Termination of Reporting Obligations. The reporting obligations of the City under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the City is no longer an Obligated Person (as defined in the Rule) with respect to the Bonds.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an Opinion of Counsel to the effect that such amendment or waiver will not, in and of itself, cause the undertakings herein to violate the Rule. No amendment to this Disclosure Agreement shall change or modify the rights or obligations of the Dissemination Agent without its written assent thereto. The City shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent and the Dissemination Agent shall file such notice with the National Repository.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default and Remedies. In the event of a failure of the City to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Bondholders of at least twenty-five percent (25%) in aggregate principal amount of the outstanding Bonds and provision of indemnity and security for expenses satisfactory to it, shall), or any beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement. A failure of the City to comply with any provision of this Disclosure Agreement shall not be deemed to be a default under the Bonds. The sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 10. Notices. All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

- (i) If to the City:

City of Gloucester City
512 Monmouth Street
Gloucester City, New Jersey 08030
Attention: Chief Financial Officer

- (ii) If to the Dissemination Agent:

Acacia Financial Group, Inc.
6000 Midlantic Drive
Suite 410 North
Mount Laurel, New Jersey 08054

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 10 for the giving of notice.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent and the Bondholders and nothing herein contained shall confer any right upon any other person.

SECTION 12. Submission of Information to MSRB. Any Continuing Disclosure Information filed with the MSRB in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by the MSRB or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by the MSRB or as may otherwise be required by the Rule.

SECTION 13. Compensation. The City shall pay the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement.

SECTION 14. Successors and Assigns. All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the City or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 15. Headings for Convenience Only. The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 17. Severability. If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application

of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

SECTION 18. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

CITY OF GLOUCESTER CITY, NEW JERSEY

By: _____
JAMES DAVIS, Chief Financial Officer

**ACACIA FINANCIAL GROUP, INC.,
as Dissemination Agent**

By: _____

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT

Name of Issuer: City of Gloucester City, County of Camden, New Jersey

Name of Bond Issues Affected: General Obligation Bonds, Series 2021

Date of Issuance of the Affected
Bond Issue: November __, 2021

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Bond issue as required by Section 3 of the Continuing Disclosure Agreement, dated November __, 2021, between the City and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by _____.]

Dated: _____

ACACIA FINANCIAL GROUP, INC.,
as Dissemination Agent

cc: City of Gloucester City, New Jersey